

Shultz Meets Assad In Syria to Press Mideast Peace Plan

DAMASCUS — George P. Shultz, the U.S. secretary of state, arrived in Damascus on Tuesday after talks with King Hussein of Jordan showed no apparent progress in winning acceptance for the U.S. Middle East peace plan.

Mr. Shultz went directly to the presidential palace in Damascus for talks on the plan with President Hafez al-Assad of Syria.

Charles Redman, State Department spokesman, said the 75-minute meeting with Hussein in Amman was "useful."

He said there had been no formal reaction from the king to the U.S. initiative, launched in February in response to Palestinian riots in the Israeli-occupied West Bank and Gaza strip.

"No one has said so," Mr. Redman said. "Nothing's changed on that. This is something that is going to take time."

Mr. Shultz, shuttling between Middle East capitals to win support, has been seeking definite responses from regional leaders, most of whom consider it flawed. So far only Egypt has endorsed it.

Mr. Shultz met Israeli leaders on Monday but did not appear to have persuaded Prime Minister Yitzhak Shamir to drop his opposition. The proposals include an international conference to pave the way for direct Arab-Israeli negotiations, and the principle of trading land for peace.

Mr. Shultz was not expecting to make much progress with Mr. Assad, who also opposes major elements of the U.S. proposal. "I do not want to predict that I will make any headway with President Assad," Mr. Shultz said. "He's usually pretty firm."

Before Mr. Shultz's arrival, the Syrian foreign minister, Farouk al-Shara, said that the Syrian position had not changed.

The Syrians seek an international peace conference with the participation of the Palestine Liberation

Organization, as well as Israeli withdrawal from the territories.

Mr. Redman said Mr. Shultz reported to Hussein on his talks with the Israelis. The king reviewed the U.S. proposal and questioned Mr. Shultz about Israeli positions, he said.

The U.S. spokesman said that during a working lunch, Mr. Shultz and the king discussed other issues, including U.S.-Soviet relations.

Before leaving for Damascus, Mr. Shultz told Jordanian newspaper editors that some Israeli leaders were much more favorably inclined to the initiative than others.

"Of course some of it appeals to everybody, so it is a picture," Mr. Shultz said.

"I tried to explain this picture faithfully to King Hussein and I believe it is of great importance to maintain the momentum of this initiative and to increase understanding of it."

He said he had not received a clear answer to his peace plan from Israel. "I got a variety of responses but I haven't got a 'no' and I haven't got a 'yes,'" Mr. Shultz did not mention Jordan's attitude to his proposals.

He was to meet Israeli leaders again on Wednesday, visit Egyptian President Hosni Mubarak in Cairo, and return to Amman.

Occupied Lands Quiet

The West Bank and Gaza Strip were generally quiet Tuesday but two Arab guerrillas were killed trying to slip into Israel from Lebanon, United Press International reported from Jerusalem.

Protests were reported in only five towns and UN-run refugee camps in the occupied territories, and soldiers refrained from using live ammunition to break up the demonstrations.

An Israeli army patrol on the northern border with Lebanon clashed with a band of Arab guerrillas trying to enter the country near Menzula. Two guerrillas were killed and four soldiers lightly wounded in the battle.

GULF: Middle East Warfare Alters

(Continued from Page 1)

ery by U.S. intelligence agencies of Chinese-made missiles in Saudi Arabia has become what State Department officials are describing as a sensitive issue in U.S.-Saudi relations.

Iran and Iraq have used scores of Soviet and locally produced ballistic missiles in their five-week-old campaign of bombing each other's cities and Iranian authorities are preparing Tehran residents for a possible Iraqi chemical attack on the capital using missiles.

Secretary of State George P. Shultz sounded the alarm early last month, telling Congress that Israel and its neighbors had entered "the world of the missile" where the idea of security based on defensible borders alone has been called into question.

"Missiles that go further and further and are more and more accurate are becoming more and more common," he told a House panel on March 10.

"When somebody who's a long ways away from you can inflict very, very damaging blows, then your concept of defense has to be different," he said. "I think fundamentally that concept has to be one seeking peace in the neighborhood."

Some analysts see far-reaching implications for what is taking place today in the Middle East.

"We have a whole new kind of proliferation before us," said Anthony Cordovez, a Georgetown University Middle East military expert, referring to Iraq's increasing use of chemical warfare against Iran.

"If this goes on, it will create weapons of mass destruction throughout the Third World," he added.

Leonard S. Spector, a specialist on nuclear proliferation at the Carnegie Endowment for International Peace, said he believes China's sale to Saudi Arabia of missiles represents a watershed event.

"China is now in competition" with a weapon bigger and better than anything else on the market, he said. "We're entering the chaotic

world of unrestrained arms transfers."

Israeli and U.S. military specialists now assert that Syria has armed some of its SS21s with nerve gas warheads and believe that Syria intends to use them, instead of aircraft, to interdict Israeli air bases in any future war. This would help Syria overcome its longstanding disadvantage in air power against Israel.

In response, Israel has embarked on a program to develop a system against tactical ballistic missiles, using a "hypervelocity gun," according to W. Seth Carus, author of a 1987 study for the Washington Institute for Near East Policy.

Mr. Carus also cited reports that Israel has developed two hypervelocity antimissile missiles. The Israelis, who are thought to have a stockpile of nuclear weapons, also are well along in development or deployment of two models of Jericho II missiles, with ranges of 400 and 900 miles and capable of carrying nuclear warheads, according to U.S. military sources.

Mr. Spector said Israel's reported nuclear capability, together with the use of chemical warfare in the Iran-Iraq conflict and Syria's chemical war activities, all add "a new dimension" that increases the risk of nuclear confrontation.

Iraq has been the region's pioneer in the use of chemical weapons, while Iran was the first to use missiles to attack a capital city, according to U.S. experts. Iran landed its first missiles on Baghdad in March 1985.

Pentagon sources say that after Iraq's first disastrous experiment in 1982, it used chemical weapons in 1983 in Kurdistan and in 1984-85 on the southern front.

The Iraqis have concentrated on developing what chemical experts call "persistent" chemical agents, such as mustard gas, whose gases tend to linger in the air longer than "nonpersistent" ones, such as cyanide, whose fumes kill and dissipate quickly, according to Pentagon sources.

This is because Iraq is mostly on the defensive and wants chemical agents that will last as long as possible to hold off invading Iranian troops, they said.

The sources also say Iran has been developing the use of nonpersistent chemical agents, cyanide and chlorine types, for use in offensives against Iraqi forces. With this type of quickly dispersing chemical, advancing troops would not fall victim to the fumes.

Pentagon sources say there are strong indications that Iran, as well as Iraq, used chemical weapons in the struggle for Halabja.

2 Die in Esslingen Air Crash

Agency France-Press

ESSLINGEN, West Germany — A U.S. military helicopter crashed Tuesday near Esslingen in Baden-Württemberg, killing both pilots.

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An Israeli soldier welding and sealing a Palestinian shop door on Tuesday at Ramallah on the occupied West Bank. The Israeli Army has ordered Palestinian shops closed during morning hours.

ARMS: Karpov Calls for Limit on Sea-Based Missiles

(Continued from Page 1)

ides submitted last month for monitoring them.

The U.S. Navy is thought to have a considerable lead in the technology of such weapons. Moscow, in Washington's view, is trying especially hard to put limits on them.

Mr. Karpov said Moscow had proposed a system whereby inspectors would be placed at cruise missile production facilities and at bases where warheads would be added to the missiles. Actual ship or submarine inspections would only be carried out as the need arose, he said.

The cruise missiles are like unmanned jet planes that can fly more than 1,000 miles (1,600 kilometers). They are easier to shoot down than faster ballistic missiles. Mr. Karpov said that even though the Soviets have extensive anti-aircraft defenses, they still represented a serious threat to the Soviet mainland.

Mr. Karpov said Moscow was prepared to sign a new arms agreement with Mr. Reagan during the May 29-June 2 summit meeting but that it first needed some crucial decisions by Secretary of State George P. Shultz and Foreign Min-

ister Edward A. Shevardnadze to resolve outstanding issues. If those decisions were not reached at their next meeting on April 21, he said, he doubted that an agreement could be ready for the two leaders in May.

Mr. Karpov said Moscow would not exclude the kind of partial agreement in principle that was arranged in 1974 at Vladivostok between Leonid I. Brezhnev and President Gerald Ford.

Mr. Karpov seemed to rule out any potential trade in which cruise missiles were dropped from or limited in superpower arsenals in return for eliminating land-based long-range mobile missiles, an area where Moscow enjoys a lead. Mr. Karpov said Moscow needed mobile missiles, which are hard to target but probably can be verified by inspection procedures, for its own future security when both sides will be limited to smaller ballistic missile forces. He said a limit of about 800 land-mobile missiles might be possible.

Mr. Karpov said that "much progress" had in fact been made on several of the larger issues, including plans for reducing the main land-based and submarine-based

ballistic missile forces of both sides by 50 percent and on a rather complete system of verification and on-site inspection.

Mr. Karpov was also optimistic about solving the question of how to count air-launched cruise missiles mounted aboard U.S. bombers, which can carry different loads. He said Moscow had proposed a system whereby inspectors would check from time to time to see how many such weapons the bombers were actually carrying.

The Soviets seem particularly exercised by what they describe as a shifting U.S. stance on anti-missile defense and the 1972 treaty.

Mr. Karpov said that at the December summit meeting in Washington, Mr. Shultz said he considered the U.S. statement on ABM as "the Bible." That statement essentially allowed each side to carry out testing as "required" under the existing treaty.

Many American experts believe that Moscow is content with that language because it is betting that President Reagan's Strategic Defense Initiative anti-missile project will not survive the next administration or will be more manageable in its scope.

PEACE: West German Greens Seek a Post-INF Role

(Continued from Page 1)

on treaties to ban chemical weapons and reduce conventional forces. He has stubbornly resisted U.S. and British pressure to promise to deploy a new generation of short-range nuclear missiles in West Germany in the mid-1990s.

Among the opposition parties, the peace movement contributed heavily to the growth of the Greens. It thus helped establish a rival to the Social Democrats, who previously held a monopoly on the West German left.

Nevertheless, the peace movement attracts neither the participation nor the public attention that it did in the early 1980s.

In 1983, the Easter weekend peace marches drew well over half a million nationwide. This year, organizers said that 200,000 joined in 300 events over four days.

One factor that has weakened the movement has been the general improvement in East-West relations and the resulting reduction in the West German public's fear of war. The level of concern was much higher in the early 1980s, when President Ronald Reagan was calling the Soviet Union an "evil empire" and Mikhail S. Gorbachev was barely known outside Moscow.

The INF Treaty has deprived the movement of the cause that united it: opposition to U.S. medium-range missiles. Instead, as speeches at the Dortmund rally showed, the movement now has a broader list of demands.

Some activists are concentrating on trying to block modernization of short-range missiles. Others are inspired by the battle against West German defense cooperation with

France. Many have joined a theoretical debate on countering the strategy of nuclear deterrence.

At its peak in October 1983, the movement attracted well over a million persons to demonstrate against deployment of medium-range missiles. Since then, the movement has suffered blows that hurt it both politically and philosophically.

First, the Bonn government decided later in 1983 to deploy the U.S. missiles. Gerd Gruen, one of three spokesmen for a national coordinating committee for 30 peace organizations, called that vote "a big disappointment." The rallies "failed to change a single vote" in the Bundestag, he said.

More recently, in December, the movement's oneness, Mr. Reagan, signed the INF Treaty to eliminate those missiles that the movement had failed to keep out of West Germany.

This appears to have vindicated the U.S. and West German governments' "dual-track" strategy of deciding to deploy the missiles while negotiating their removal with the Soviet Union.

The Americans "can argue clearly that President Reagan won this agreement because he operated from a position of strength," Ms. Kelly said.

But she endorsed the peace movement's interpretation that the INF Treaty resulted from a combination of public pressure for disarmament, NATO's deployment strategy, and, above all, the changes in Soviet foreign policy brought about by Mr. Gorbachev.

A Social Democratic deputy, Katrin Fuchs, said that "the Greens and power" did not lead to the INF Treaty. "The peace movement had a large part in it."

Iraq Says It Fired Missiles at Tehran

BAGHDAD — Iraq said it fired two missiles at Tehran on Tuesday after earlier rocket tests on Iran's holy city of Qom and the ancient capital of Isfahan. Iran said three people were killed in Qom, which was hit by two missiles.

Iraq fired one missile at Isfahan after hitting it with a rocket Monday, a few hours after an Iranian missile raid on the Iraqi oil center of Kirkuk. An Iraqi military spokesman said the Iranian missile hit a crowded area of Kirkuk, killing or wounding a number of people.

Iran said the rocket was fired in retaliation for Iraqi air raids on Isfahan and Tabriz. Iraq has launched 128 missiles at Iranian settlements since the strikes on civilian areas began in late February. Iran has fired more than 50 missiles at Iraqi cities.

In a message to Secretary-General Javier Pérez de Cuellar on Monday, Foreign Minister Tariq Aziz accused Iran of using chemical weapons in the Halabja area of northeast Iraq. Mr. Aziz said Iranian artillery and planes dropped the chemical weapons on March 30 and 31.

Iran could continue resupplying Afghan troops under bilateral agreements, since it recognizes the Kabul regime as the country's legitimate government.

Until recently, the Reagan administration was ready to accept this "asymmetrical" arrangement, confident that it could get enough arms to the mujahidin before the cutoff to insure that they toppled the Kabul government. Then, under pressure from hard-liners, the administration changed position.

Washington, backed by Pakistan, demanded a joint ban on new military supplies to both Kabul and the mujahidin when the treaty was signed, a principle known as "negative symmetry." Alternatively, it sought "positive symmetry," an agreement under which both superpowers could continue supplying the two sides equally.

Moscow has refused to cancel its military supply agreements with Kabul, leaving as the only possible compromise a settlement involving "positive symmetry."

Some diplomats to Goeva pointed out that such an agreement, allowing both superpowers to resupply their clients in theory, could be accompanied by a private understanding that they would not do so in practice unless the other side reneged on the arrangement.

On Tuesday, Mr. Cordovez described the concept of "positive symmetry" as being "more subtle" than generally understood.

SIMON: Illinois Senator Slogs On Good Humoredly

(Continued from Page 1)

of the full complement of Illinois delegates to which his victory there March 15 entitles him.

In an interview on his plane on the way to this small northern Wisconsin city, Senator Simon said that he had been told by individual delegates, by labor leaders and by many Democratic officials that he was their second choice. He hoped in coming months, he said, to considerably increase the number of delegates to whom he would seem a desirable compromise nominee.

"By the time of the convention in July, we will be in a truly unpredictable situation," he continued. "For that reason, it makes sense for me to play out the string in one way or another. People will be asking 'Who could be nominated who would be acceptable to all elements of the party?' I fit that mold, and there may be others, including some who have not contested the primaries, although I think one of the four of us who are in the race now will be the winner."

Senator Simon had seemed to be

doing well in Wisconsin until Mr. Jackson scored his unexpected sweep in Michigan 10 days ago, capturing the imagination of liberals here who had been leaning to the Illinois Senator.

He denied feeling cheated of his chance for a comeback. "You get some favorable breaks and some bad breaks in life — oo sense moaning and groaning. You know, I take life as it comes. I don't get euphoric. I don't get depressed."

He had no time for might-have-beens. But he had some thoughts on how to improve the process.

Fewer debates and more long television interviews that "let you form a judgment as to whether the candidate is substantial and thoughtful" would help, he said.

As the fly-around continued, from Madison to Eau Claire to Stevens Point to Milwaukee to Green Bay, near which Senator Simon's paternal grandparents ran a dairy farm, the staff waxed more nostalgic than the candidate. The staff members recalled the "hideous hot beef sandwiches" of Iowa, wondered what might have happened if

their man had managed to win that state and took comfort from the fact that he seemed sure to win a second Senate term in 1990 after his showing all across Illinois in the primary there.

Monday night the whole staff turned out in bow a frame or two with the senator in Milwaukee as he made what looked like his final 1988 campaign stop.

Colorado Returns

Mr. Dukakis held a slight lead over Mr. Jackson in partial results from Colorado's precinct caucuses. The Associated Press reported from Denver. With 57 percent of the precincts reporting, Mr. Dukakis led Mr. Jackson, 45 percent to 41 percent, for 45 Colorado Democratic delegates. Senator Albert Gore Jr. of Tennessee, who made limited efforts, got 3 percent.

Mr. Jackson complained that it was "unethical" for the Democratic state chairman, Buz Seawell, to oversee returns after having endorsed Mr. Dukakis. Mr. Seawell responded that Mr. Jackson "is just wrong."

Socialists In Italy Are Tough in Crisis Talks

By Roberto Suro
New York Times Service

ROME — "We have been uncovering our cards slowly, one at a time, and our whole hand will not be showing until all the bets are on the table," said a senior strategist for the Socialist Party, likening Italy's latest political crisis to a poker game.

The Socialists, led by former Prime Minister Bettino Craxi, seem to have little chance of taking power in the short run, but they appear intent on negotiating the highest price possible for their support of a coalition headed by their rivals, the Christian Democrats.

Speculation over Mr. Craxi's goals and intentions has filled acres of newspaper since the Christian Democrats' national secretary, Ciriaco De Mita, began trying to form a government on March 16. The broker is expected to enter a conclusive phase this week as Italian political leaders return to the capital after the Easter holiday.

The crucial question is whether the Socialists are willing to help build the first strong government since Mr. Craxi resigned as prime minister more than a year ago or whether they have more complex designs.

The English expression "stop and go" has been added to Italy's rich lexicon of political terms as commentators try to describe Mr. Craxi's recent tactics. Warm expressions of support toward Mr. De Mita have alternated with sharply worded demands for big concessions as the parties have negotiated a program for a future government.

Mr. De Mita has said that he will hold another round of talks this week with the leaders of the five parties that have formed the governing coalition for most of the year. At the top of the agenda will be the Socialists' demand that they be given control of a developmental program for chronically depressed areas of southern Italy, a potentially huge source of patronage.

The Socialists have also indicated that they may want to delay a formal decision on whether Italy will accept the squadron of U.S. F-16 fighter-bombers that is being displaced from Spain. That is popular among leftists. Mr. Craxi is also asking for measures to ease restrictions on private broadcasters in their competition with the state-owned television networks. That is popular in the business community.

"A De Mita government might be acceptable to Craxi if he can then make De Mita bleed to death slowly," said Carlo Maria Santoro, a public scientist at Milan University. "The goal may be to leave De Mita exhausted after a relatively short time in office."

The Socialists, with a bit more than 14 percent of the vote in the last national election, might seem weak adversaries for the Christian Democrats, who collected more than 34 percent. But the arithmetic of Parliament dictates that the Christian Democrats must either form a coalition with the Socialists or turn to the Communists, as they did in the late 1970s when the Communists supported the Christian Democrats in Parliament without entering the government.

A senior Socialist official said, "One reason we want to pin De Mita down to a specific program is to prevent him from thinking about a flirtation with the Communists that could revivify them."

AFGHAN: Accord Reported

(Continued from Page 1)

ever, could continue resupplying Afghan troops under bilateral agreements, since it recognizes the Kabul regime as the country's legitimate government.

Until recently, the Reagan administration was ready to accept this "asymmetrical" arrangement, confident that it could get enough arms to the mujahidin before the cutoff to insure that they toppled the Kabul government. Then, under pressure from hard-liners, the administration changed position.

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Yugoslav Leader in Madrid

MADRID — President Lazar Mojsov arrived Tuesday on the first official visit by a Yugoslav head of state since the two nations established diplomatic relations 11 years ago.

WORLD BRIEFS

China Calls On Hanoi to Leave Isles

BEIJING (WP) — China accused Vietnam on Tuesday of launching war preparations around the contested Spratly Islands in the South China Sea and called for the Vietnamese to withdraw. Both countries claim the own islands.

A Chinese Foreign Ministry spokesman said the Vietnamese have more than doubled their naval forces in the Spratlys over the past three weeks from a dozen or so vessels to 30 or more. Chinese and Vietnamese naval forces clashed briefly on March 14 in the Spratlys.

"The Chinese side once again sternly warns the Vietnamese authorities that they must immediately stop their invasion and occupation," the spokesman said. There was no immediate reaction from the Vietnamese.

Dalai Lama Rejects Offer to Return

LONDON (Reuters) — The Dalai Lama, the religious leader of Tibetan Buddhism, dismissed Tuesday an offer by China to let him live in Lhasa, the Tibetan capital, if he renounced his campaign for Tibetan independence.

At a news conference in London, he said: "I have had that invitation from the Chinese government since 1979." On Monday, the Panchen Lama, Tibetan Buddhism's second holiest personage and a defender of Chinese policies toward Tibet, said the Dalai Lama could live anywhere he wanted in China or Tibet so long as he did not continue to advocate Tibetan independence.

The Dalai Lama fled to India following the collapse of a rebellion against the Chinese occupation of Tibet in 1959. He still commands loyalty and devotion from Tibetans.

Island Communists Back Mitterrand

PARIS (Reuters) — The French Communist Party, fading as a political force, suffered a blow Tuesday when influential Communists on the French Indian Ocean island of La Réunion said they would support the French Socialist president, François Mitterrand, when he seeks reelection later this month.

Political observers say the Communist Party, which was powerful enough to gain ministerial positions after François Mitterrand's victory in 1981 but has since been damaged by an internal split, faces humiliation in the April 24 election. Its candidate is André Lajoie, since the party's general secretary, Georges Marchais, has opted not to run.

Paul Verpeux, general secretary of La Réunion's Communist Party, said at a news conference: "The outgoing president is the only candidate capable of assuring social equality for the people of La Réunion. The island's Communist Party polls about 28 percent of votes there, the highest proportion in any part of France or its overseas territories."

Kennedy in Belfast Troop Incident

BELFAST (Reuters) — Representative Joseph P. Kennedy 2d, a U.S. congressman and the eldest son of the late Robert F. Kennedy, traded insults with a British soldier who searched his car Tuesday during a fact-finding tour of predominantly Catholic West Belfast.

The exchange began at a checkpoint when troops ordered a priest traveling with Mr. Kennedy to get out of the car and open its trunk. Witnesses said Mr. Kennedy, 35, a Massachusetts Democrat, told one of the soldiers: "You cannot do this to a priest."

Witnesses said the soldier then grabbed Mr. Kennedy by the arm and that Mr. Kennedy snapped: "Take your hands off me. Since when do you tell anybody what to do?"

The soldier replied: "Get back to your own country."

Retorted Mr. Kennedy: "You go back to yours."

TRAVEL UPDATE

U.S. Airlines Improved Performance

WASHINGTON (AP) — Three of every four flights by major U.S. airlines in February arrived on time, an improved performance from January, and travelers also reported fewer baggage problems, the Transportation Department said Tuesday.

The department said that 74.7 percent of the flights during February arrived within 15 minutes of schedule, compared to 69.2 percent in January. The number of mishandled baggage reports filed with airlines declined during February, averaging 8.75 reports for every 1,000 passengers flown compared to 11.83 percent in January.

French pilots and navigators for Air Inter, the domestic airline, have announced a 72-hour strike to begin at midnight April 11 to press demands for tests of the new Airbus A-320, which the airline wants flown by a pilot and co-pilot, eliminating the post of navigator. (AP)

The Hungarian airline Malye has agreed to carry passengers booked on Pan Am from Frankfurt to Budapest on days when Pan Am does not fly the route, the news agency MTI said Tuesday. Pan Am has three Frankfurt-Budapest flights a week in winter and four in summer. (AP)

Ground personnel at Rome's Leonardo Da Vinci airport announced Tuesday that they will stage strikes on April 16 and 24, the Italian news agency ANSA reported. The strikes are expected to force the cancellation or postponement of most flights on those days. (AP)

Correction

A March 21 item in American Topics said incorrectly that the U.S. Information Agency had canceled a program that authorizes cultural exchange visas for foreign *au pair* outsiders to work 45 hours a week. The program has not been canceled outright, but will be allowed to lapse when it expires in stages later this year.

HIJACK: Kuwait Told to Free 17

(Continued from Page 1)

who took the Kuwaiti flight because they missed an earlier connecting flight to London. British officials added that they considered Iran responsible for the safety of the passengers.

Britain has had no diplomatic presence in Iran since May, when a British diplomat was held and beaten by Iranians in revenge for the arrest of an Iranian diplomat in Britain on what Iranians said were trumped-up shoplifting charges.

Airport sources in Bangkok said other passengers on the flight included 31 Kuwaitis as well as several Thais, Australians, Egyptians, Jordanians, Germans, Saudi Arabs, Japanese and Lebanese. The flight crew included an Iraqi pilot. There appeared to be no U.S. citizens on the flight.

The three ruling family members were identified as Fadhil Khaled as-Sabah, Khaled Anwar as-Sabah, and Mrs. Khaled Anwar as-Sabah. The family includes as many as 1200 members, but only a few occupy senior positions of government.

In December 1984, a Kuwaiti airliner was hijacked during a flight from Kuwait to Karachi and routed to Tehran. It was held for six days by four men said to be Arab. The hijackers demanded the release of the convicted men in Kuwait. They shot and killed two U.S. officials who were passengers on the flight before being seized by Iranian security officials. The four reportedly were jailed, but little else is known about their fate.

Last week Kuwait charged that Iranian gunboats had attacked its military outposts on the Kuwaiti island of Bubiyan, wounding two Kuwaiti soldiers. This was the first such military engagement reported between the two countries. Since 1980, Iran has been accused by Kuwait of shelling several sites and, last year, with using Chinese-made Stikrov missiles.

Iranian mobs sacked the Kuwaiti Embassy in Tehran last year, leading to a near-rupture of relations, but Kuwait has consistently played down accusations against its neighbor.

RAID: Move on High-Tech Trade

(Continued from Page 1)

sensitive technology, according to a ministry official.

The latest case began with a tip from Washington last August, officials said. The Ministry of International Trade and Industry, MITI, pursued the tip for several months and officially notified the Tokyo police Monday of its belief that illegal shipments had taken place.

At about 9 A.M. Tuesday, Tokyo police agents raided offices and employees' homes connected with Iwatsuki, known in Japan as Iwasaki Tsushinki, and two small trading companies: Kyokuto Shokai, or Far East Co., with about 160 employees, and Shunsei Kocki, with about 60 employees including rep-

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مکان التحصيل

Herald Tribune

The VAT Is Heating Up

It is seldom that Japanese governments seek to borrow from Europe's economic policy guidebook. The current attempt in that country to reform the tax system by introducing a European type of value-added tax is, predictably, making trouble for Prime Minister Noboru Takeshita, just as it darkened the last days of his charismatic predecessor, Yasuhiro Nakasone. VAT threatens a political storm in Europe as well, because the EC Commission's desire to harmonize the rates of the tax throughout the European Community faces a host of economic and social problems.

Tax systems should be efficient, simple and equitable, and they must be changed to keep up with circumstances. The monumental Reagan tax reform was concentrated on direct taxes, mainly on income tax. Europe has been treading this route too, but for years has reinforced government revenue through indirect taxes, particularly VAT and excise duties. This privilege is denied Washington because, though sales taxes are common at state and local levels, the thought of levying them through the federal budget raises political hackles.

How far does a switch from direct to indirect taxation make for efficiency, simplicity and equity? Among the advantages of VAT are the relative ease of collection and the lower incentive for the taxpayer to find ways of evasion. Unlike income tax, its deterrent effect on effort and initiative in the workplace is small.

An obvious disadvantage of VAT is the burden of paperwork it puts on businesses, particularly small ones. And a major traditional argument against it is that shifting taxes to what people buy and away from what they earn is socially regressive: It is inequitable to make rich and poor alike

Shultz Keeps Slogging

Secretary of State George Shultz is in the Middle East slogging away on an American peace plan that one of the invited parties has just accepted but that none wishes to take the blame for rejecting, either. It does not sound like much, consider that there is no other plan or process or promoter on the horizon to deal with the Israeli-Palestinian conflict, a 40-year feud that has been burning with a terrible special flame for the last 100 days.

From Palestinians, the secretary is encountering refusal to send representatives to meet with him, despite his path-breaking reception of two Palestinian-American interlocutors in Washington. The boycotters hope to force Mr. Shultz to deal directly with the Palestine Liberation Organization. But Mr. Shultz has made plain, as he must to have any prospect of winning Israeli cooperation, that there is no place at the table for an organization that practices terrorism and denies Israel's right to exist. There is a place, however, for Palestinians who, while being acceptable as individuals to the Israelis, can fairly claim to speak for the Palestinian national movement. Can the Palestinians see past their rage and suspicion to take

Building New Networks

"Networking" is a yuppie term but not a yuppie invention. It has been a fact of life for decades in working-class U.S. neighborhoods, helping the young make the passage from school to work force. It explains why certain ethnic neighborhoods are populated by generations of police officers, firefighters or members of the building trades. It also explains why so many black and Hispanic youths have such difficulty entering the labor force. They have no connections. Helping them overcome that obstacle remains a formidable challenge.

The civil rights revolution had a good side and a costly one in this respect. It liberated middle-class blacks from the ghetto. But it meant that those left behind lost both their role models and their connections to the mainstream economy that middle-class job-holders provided. Today, blacks in white-collar jobs and middle-class neighborhoods are far away. It is not unusual to encounter young people in inner-city public housing projects who know no one with a regular job.

There is no way to re-create the lost connections, but it ought to be possible to establish new ones. There are some promising strands in the wind. Increasingly in recent years, black churches, fraternities and professional groups have begun "mentoring" programs for children and adolescents, usually arranged through schools.

Other Comment

Not Yet the Promised Land

The moral imperatives expressed so eloquently by Martin Luther King Jr., who was assassinated 20 years ago Monday, inspired [the United States] to reform itself profoundly. But 20 years later, America has many promises to keep.

The civil rights revolution, of which King became the most conspicuous leader, changed the country in ways the young can scarcely comprehend: The Civil Rights Act of 1964 prohibited racial discrimination in public places and provided equal employment opportunity. The Voting Rights Act of

1965, approved after the bloody march from Selma, Alabama, prohibited literacy tests, poll taxes and other racial barriers to voting. The law enfranchised millions of black Americans, who have used their votes to change the political landscape.

King's remarkable victories, however, have not erased every vestige of racial prejudice and discrimination. In spite of broadened economic opportunities, the ranks of desperately poor Americans are still growing. King helped bring about great progress. But, 20 years after his tragic death, his promised land has not yet been reached.

—The Los Angeles Times.

Helping the Kremlin Out of the Afghan War

By Donald K. Emmerson

MONTEREY, California — No American-supported guerrilla forces have a better chance of fulfilling the Reagan Doctrine — promoting democracy by reversing the advances of the Soviet Union — than the Afghan mujahidin, whom the Reagan administration is committed to arm until Moscow stops arming Kabul.

It is tempting to argue that America's sole interest in Afghanistan is to see the backs of Soviet troops. But the Reagan administration should consider carefully the implications of a Soviet withdrawal, which could threaten the Reagan Doctrine.

Ironically, a rebel victory could, rather than democratize Afghanistan, further destabilize it. Split as they are into feuding factions of theocrats and traditionalists, the mujahidin seem either able or willing to unify the country around the defense of secular civil rights. If the Russians leave a vacuum, the country could lapse into civil war. The militants could establish an authoritarian regime or, having pulled away from a profligate dictatorship (the Soviet Union), could move closer to an Islamic one (Iran).

A second possible irony is that if an orderly transition from war and repression is to be ensured, Washington may have to cooperate with Moscow to help the Russians leave Afghanistan with minimal loss of face — an idea that is anathema to the anti-Soviet proponents of the Reagan Doctrine. The success of the doctrine could depend on its enthusiasts restraining their own instincts.

If the goal of the Reagan Doctrine is mainly to undermine the Soviet Union, that end is best served by the continuation, not the termination of

the war. The war alienates the Soviet Union from world and especially Islamic opinion. In quitting Afghanistan, the Russians likely will improve their ties with Pakistan, Iran and other Islamic states, possibly to the detriment of American interests.

The United States cannot block the exit of Soviet troops without appearing to bleed Soviet resources, as if the Reagan Doctrine's goal of freedom were merely an excuse for one superpower hurting another.

A final irony: Mikhail Gorbachev's *glasnost* and *perestroika* policies (the "Gorbachev Doctrine") are vulnerable to attack at the upcoming Soviet Communist Party conference in June. *Perestroika* has failed to accelerate real economic growth, and from the standpoint of Moscow's conservatives, *glasnost* has "opened" nothing but the floodgates of ethnic protest, ideological frenzy and artistic license.

Many Russians may be weary, but to the party hierarchy an ignominious retreat from Afghanistan could be a crucial blow to Mr. Gorbachev. In order to achieve democratic gains in Afghanistan, Washington may have to help limit Moscow's embarrassment in Kabul for the sake of pluralism in the Soviet Union.

An orderly transition to peace may require U.S. cooperation.

Washington has more options than simply collusion with Moscow or acceptance of local chaos in Afghanistan. For example, a UN force could supervise the withdrawal, though hardline supporters of the Reagan Doctrine might find it unpalatable to have the pullout monitored by the United Nations, which they consider soft on communism.

The mujahidin may be able to accommodate their differences within an Islamic republic that, at the least, should be more popular than the current regime and therefore rely less on repression. A people that has so fiercely resisted Soviet domination will not easily accept tutelage by any other power, Iran included. The Afghans are, in any case, mainly Sunni, not Shiite, Muslims.

As for Mr. Gorbachev, it is not within American power to save or scuttle his career.

Whatever happens, the Reagan Doctrine has a weakness shared by all ideological guides: In order to create public support for action, a leader oversimplifies. The oversimplification collides with complex realities and choices, giving rise to a need for revision. But in the eyes of the doctrine's supporters, revision smacks of betrayal. It then falls to the doctrine's author either to cede to its adherents or re-educate them.

That is Mr. Reagan's choice. His doctrine is simultaneously anti-Soviet and pro-democratic. Implementing it requires astute management of the tension between its priorities.

The writer, visiting professor of international politics at the Monterey Institute of International Affairs, contributed this view to The New York Times.

New Candor, But It's Still A Party Line

By Robert L. Bernstein and Jeri Laber

NEW YORK — Often during a recent visit to Moscow we found ourselves looking around in wonder. For years, we had been decried as critics and castigated in the press for criticizing human rights practices. Now we were privileged guests, invited by the government to discuss our concerns.

Our delegation, Federation for International Helsinki Federation for Human Rights, consisted of 21 human rights activists from 10 Western nations. We spent one astonishing week in the Moscow meeting face to face with the first time with many of the authorities who bear ultimate responsibility for the human rights abuses we have consistently deplored.

We saw the minister of justice, the deputy ministers of internal and foreign affairs, the chairman of the State Council for Religious Affairs and the director of the Serbsky psychiatric institute. To name a few. We raised hard questions about political prisoners, psychiatric abuse, religious persecution, emigration and other pressing rights problems. Their answers, all at times evasive. Despite many changes under Mikhail Gorbachev, much remains the same.

We were surprised at first by the candor with which officials admitted past mistakes and spoke of the need for time for restructuring. "We lived through a period of stagnation," Leonid Sizev, the first deputy minister of the interior, told us, referring to the Brezhnev era. "We can't solve all our problems at one time."

Our hosts spoke of major legal changes in the civil code and 1,200 other regulations and laws are reportedly being revised, including articles that have made it possible to sentence outspoken citizens to years in labor camps and exile. Just how those laws are being changed, however, remains an unanswered question; or did we receive assurances that the gap between the letter of the law and illegal practices would be closed.

We felt uneasy about the officials we met: Most were around in the Brezhnev days, speaking a very different line. There is a disturbing uniformity in their present posture as well. "We really have our hands full," we were told, in exactly those words, several times. "Cooperation, not confrontation" was a phrase that cropped up in many meetings. We sensed we were given a new party line — a more promising one, indeed, but a party line nonetheless.

We met with private citizens — members of independent citizens' groups and others who sought us out to tell us about their problems. We were astounded by the number of new, independent groups that have sprung up; officials acknowledge the existence of about 30,000 of them. We were greatly impressed by a new sense of freedom in the behavior of those we met.

Yet the risks soon became apparent. One private meeting was interrupted by telephoned threats from the police; another, also in a private home, was raided by police officers who checked the documents of every one present, including the Western observers, and briefly detained a few young protesters.

Three former political prisoners, members of an unofficial human rights organization, the Press Club-Glasnost, accompanied us to a seminar run by the new, officially sanctioned Public Commission on Human Rights. Officials at first refused to let us into the building, but under the glare of Soviet and Western television lights, backed down. Lev Timofeyev, head of the Press Club-Glasnost, addressed the seminar and presented the chairman with a list of political prisoners.

The government has taken the initiative in reaching out to foreign groups like ours and engaging in open human rights discussions. But at least 360 political prisoners are known to remain in camps or in exile, and official tolerance of human rights monitoring is still very limited.

If the Kremlin is intent on improving its human rights image, it should demonstrate its good faith not merely by inviting foreign groups to discuss its human rights problems but by listening to its own citizens as well.

Mr. Bernstein is chairman of Helsinki Watch, a human rights organization. Mr. Laber is its executive director. They contributed this comment to The New York Times.

Shultz Is Seeking the Keys To Open Israeli Deadlock

By Philip Geyelin

WASHINGTON — Secretary of State George Shultz may be a glutton for punishment; he is nothing if not dogged in his determination to break an almost unbreakable impasse in the Arab-Israeli conflict. But is there not some method to the seeming madness of the U.S. rush to breathe life into the Middle East "peace process"?

Yes — if the purpose of the latest Shultz shuttle can be seen for what it seems to be. It must be seen not so much as an exercise in peace-making, though that is its ultimate objective, but as a political campaign for the benefit of the Israeli electorate and with the clear aim of bringing to power a new and different Israeli government with a new and different approach to peace-making.

It will be denied, as they say, and rightly so. The Israelis understandably resent the idea that America might inject itself into Israel's domestic policy and have already registered a complaint. "The secretary is very resistant to any suggestion that we are intervening," said a Shultz associate. So the subject is discussed delicately. "We think it is useful to clarify the issues for both sides," the same official said. "If that means defining the issue in Israeli political terms, so be it."

Translation: Mr. Shultz will come up short again this week on his abbreviated visit to Camp David, with its provision for an initial international conference to include the Russians and its interim "autonomy" phase to be accompanied by negotiations on a settlement on the West Bank and Gaza.

But neither side wants to be the first to reject the plan. To the extent that it remains alive, it would serve a purpose if only as the centerpiece of debate on security and the Palestinian question in the Israeli elections that could come any time between now and November.

That Mr. Shultz might have such an idea in mind is suggested by the uncharacteristically high profile he has kept since his arrival in Israel.

This is not to say that the Reagan administration thinks all the intrusions in the Israeli side. Still less does Mr. Shultz believe that elections would break the deadlock in Israel. That deadlock has forced the warring Labor Party and the rightist Likud bloc into an awkward government of national unity, with Likud's Yitzhak Shamir as a hard-line prime minister and Foreign

Minister Shimon Peres of Labor preaching conciliation.

What the administration does seem to believe is that little progress is likely so long as the government remains in gridlock, unable to deal freely, yet coldly confident that it can crush the violence.

"Let's have it out and we'll see who wins," Defense Minister Yitzhak Rabin said last week when Israel sealed off the West Bank and Gaza Strip for three days, imposing curfews and putting news coverage under tight control. Later, as the blockade was lifted, Mr. Shamir took pains to bring journalists with him to an ancient West Bank fortress near Bethlehem where he proclaimed that "anybody who wants to damage this fortress and other fortresses we are establishing will have his head smashed against the boulders and walls."

Addressing himself in a similar spirit to Palestinian demonstrators, he said that Israelis were "like grasshoppers compared to us." As for Arab citizens within Israel, he had this to say: "If they do not come to their senses, the reality will be harder and laden with impending disaster. I am not afraid. A test of strength between us and them is like a test of strength between an elephant and a fly." That Mr. Shamir and Mr. Rabin may have been playing to like-minded Israeli audience takes nothing away from the tone: It is authoritarian and confrontational, with a suggestion of racial superiority in the insect images.

What we are seeing is grim evidence that the Palestinian grievance only intensifies and that the conflict only sharpens with time. It is the very existence of Israel as a Jewish state that is at stake. The latest outbreak of violence on Dec. 9, 1987, and the pattern of a tightening, de facto Israeli annexation of the territories and a hardening Palestinian resistance — of protest and clampdown, of rock throwing and arrests — dates back a decade.

True, the Israelis have managed repeatedly to contain it, harshly. But that only reinforces the message that the violence on the West Bank and in Gaza suggests a spontaneous combustibility that cannot be extinguished by force alone.

That is reason enough for the secretary of state to be hustling around the area, seeking to define the issue for those Israeli voters in search of a better way.

Washington Post Writers Group.



"I Don't Think We Can Coexist"

By Cal Thomas

NEW GIVON, Israel-occupied West Bank — Nearly everyone has weighed in with a prescription for peace in the Middle East.

Most journalists covering the story of the riots speak almost exclusively to Arabs in the territories. I sought out some Jewish settlers.

Frieda and Moti (they prefer that their last names not be used) live in an Israeli settlement of about 70 families, 11 miles (18 kilometers) and just a few seconds as the mortar flies, from the center of Jerusalem.

Moti works at a pharmaceutical company, where he makes 1,500 shekels (about \$231) per month. Frieda works for the city of Jerusalem, where she earns 700 shekels per month. They both work with Arab colleagues who, they say, make comparable salaries. They say it is "a fiction" that Israelis benefit from cheap Arab labor. They note that Arabs living in the territories pay fewer taxes than they do and so the pay of Arab workers is often more than an Israeli's net income.

Across the street lives Victor and Anat Fonarov, a musician, came to Israel from the Soviet Union in 1972. Anat is Israeli-born. Victor has employed Arabs to help him build his own home, which is nearly complete. "They tell me as they put fixtures in my house: 'I would kill you if I could. Get out. We don't want you. Hitler should have finished the job.'"

Victor wonders why people with different backgrounds can't live together in relative peace. He cites America and Europe as examples.

"The Arabs have a different mentality," he says. "I don't think we

can coexist. It will never happen in 1,000 years, because to hate Jews is an Islamic tradition and teaching. It is not just because we live here."

He is right. Jews have one word in Hebrew for peace: *shalom*. Muslims have two words in Arabic: *salaam*, which is a bit of convenience that can be made with an enemy, and which may be broken. The other word is *sukh*, which means complete forgiveness, but it can only be made between Muslims.

Giving land to Arabs has not brought peace to Israel. Before 1967, Arab nations had the land they now want, but Israel had no peace and less security than it now has. Still, considerable pressure continues on Israel to try again.

Can any peace proposal change the thinking of 300 million Arabs who, as David Bar-Ilan notes in Commentary magazine, "consider the very existence of Israel an offense to their sense of history and destiny"? How can one agree to give up land to those who view any concession by Israel as a confirmation that destiny is on their side?

One comment by Mr. Fonarov gripped me: "The Arabs say, 'Go back to Russia,' but the Russians say, 'Go to Israel,' then the Arabs say, 'Go to America,' but that's not the place for me, so we stayed."

The problem with those bringing pressure on the Israeli government is that they don't have to do the dying. They take out ads in newspapers; they swing their hands before television cameras; they make speeches — all from the safety of the United States or other foreign nations.

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The Washington Summit Sparked an Energy Dream

By Evgeny Chossudovsky

GENEVA — The Washington summit meeting will, I believe, enter history as the beginning of nuclear disarmament. But there are other, less spectacular results of the meeting that deserve to be inscribed in the annals of the millennium. One is the launching of an international project that could bring the world closer to solving its energy problem.

At their first meeting in Geneva in November 1987, President Ronald Reagan and General Secretary Mikhail Gorbachev laid some of the groundwork for this project. In the last paragraph of a joint statement, they "emphasized the potential importance of the work aimed at utilizing controlled thermonuclear fusion for peaceful purposes and... advocated the widest practicable development of international cooperation in obtaining this source of energy, which is essentially inexhaustible, for the benefit of mankind."

At the conclusion of the Washington summit meeting, Mr. Reagan and Mr. Gorbachev expressed the intention of their countries to cooperate with the European Atomic Energy Community and Japan, under the auspices of the International Atomic Energy Agency, "in the quadripartite conceptual design of a fusion test reactor." This declaration of intent is about to be translated into deeds.

Nuclear fusion is the process that fuels the sun and other stars. Scientists have long dreamed of harnessing it to produce power. The fuel that is required can be derived mainly from water, and, in theory, fusion reactors would be much less radioactive and safer than nuclear fission reactors.

The fuel for fusion, heavy forms of hydrogen — deuterium and tritium — must be compressed in extreme heat until they fuse, forming helium

and releasing energy. Two Soviet scientists, Andrei Sakharov and Igor Tamm, developed in the early 1950s the toroidal confinement chamber, or Tokamak, a kind of fusion reactor especially suitable for confining extremely hot gases, known as plasma. The United States also adapted this approach, among several others.

Fusion research, confined essentially to the Soviet Union, the United States and Britain, was shrouded in secrecy until 1958. Declassification led to fruitful collaboration among physicists from many countries. Advances were made toward achieving suitable conditions of 10 million to 100 million degrees centigrade. Later, Western Europe and Japan entered the field. In August 1986, scientists at Princeton University's Plasma Physics Laboratory achieved temperatures of 200 million degrees centigrade.

The announcement of the plan at the summit meeting in December was predicated by extensive scientific and diplomatic preparation. The Soviet Union has no formal relations with the European Community, of which Euratom, as the European Atomic Energy Community is known, is a part. The decision to put the project under the auspices of the International Atomic Energy Agency made it easier to conclude the agreement; all the countries involved in the plan are members of the agency, which has long been involved in international fusion collaboration. It is an autonomous international organization and reports

annually to the UN General Assembly.

According to preliminary information, the four-party project has been designated the International Thermonuclear Experimental Reactor. It will be a conceptual design study of the concept's engineering feasibility. The objective is to provide the data on which to base a decision on whether to construct the reactor. The design project is expected to cost about \$240 million (to be shared by the four partners) and take three years. A joint team of managers and technical advisors will work at Garching, West Germany.

The International Atomic Energy Agency's sponsorship is a guarantee of openness about the progress of the project, and of access for all to the results of the study. The design project will require supporting research and development, and results will be published periodically. The final report will be sufficiently comprehensive to enable any IAEA member to decide on the advisability of embarking on construction of the reactor. Possibilities for participation of countries other than Japan, the Soviet Union, the United States and those in the EC group exist through bilateral arrangements.

Preparations for the start of the design project, which were begun after the Geneva summit meeting, are well under way at high technical and administrative levels within the governments concerned and in the IAEA. The formal inauguration is expected at the end of this month.

All this leads one to hope that sustained political will and informed public support will ensure adequate funding for the project. Ideally, this would come from economies accruing from disarmament.

100, 75 AND 50 YEARS AGO

1888: Roundabout News
PROVIDENCE, Rhode Island — It is rather a singular event in the history of telegraphing that news from New York reached Boston by way of Europe, having been sent and returned by way of the Commercial Cable, which has stations at New York and Duxbury, whose communications were out broken during the storm [on April 2].

1913: Caution on China
WASHINGTON — While it appears reasonably certain that the proposal made by Mr. Bryan, the Secretary of State, for the concerted recognition of the Chinese Republic will receive the cordial support of some of the Great Powers, it is known that it cannot receive unanimous approval, since at least one Power has already declined to fall in with it. Presumably this attitude is due to doubt whether the constituent assembly will be able to organize a stable government. The

appearance of a rival candidate for the presidency when it was supposed that the selection of Yuan Shih Kai was assured, and the reports of powerful support for a new candidate in Southern China, are believed to be the basis of the hesitation shown by some of the Powers.

1938: Philippines Pact
WASHINGTON — A joint memorandum issued today [April 5] under the signatures of President Franklin D. Roosevelt and President Manuel Quezon of the Philippine Commonwealth agrees to the postponement of the economic independence of the islands until 1960. This move suggests that the American government retains its protectorate over the Philippines until 1960, instead of to July 4, 1946, when the Commonwealth was scheduled to come into full economic and political independence as a new-born nation. The memorandum will have to be ratified by the U.S. Congress and the Philippine Assembly.

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مكتبة الامم المتحدة

Talks on U.S. Bases Open in a Mood of Philippine Doubt

By Keith B. Richburg
Washington Post Service

MANILA — The United States and the Philippines began Tuesday a review of the status of U.S. military bases amid a growing sense among some high-level Philippine officials that this former U.S. colony must assert more independence from Washington.

"The significant Soviet presence in the immediate area casts a shadow over expanding economic activity throughout the region," Ambassador Nicholas Platt, head of the 10-member U.S. panel, said in opening remarks. The Associated Press reported from Manila.

[Mr. Platt also noted that the presence of U.S. troops enables the Philippines to spend scarce resources on economic development instead of defense.

[About 500 people marched to the U.S. Embassy chanting slogans demanding the bases be closed. There were no incidents.]

The review, an exercise that comes every five years under the terms of the military bases agreement, covers Clark Air Base in Angeles City, headquarters of the 13th Air Wing; Subic Bay Naval Station

in Olongapo, the rest and repair station for the 7th Fleet; and four smaller communications and recreational facilities.

Clark and Subic, with about 40,000 U.S. military and defense personnel and dependents, are the largest American military installations outside the United States.

The review this year is the last before the current bases agreement expires in 1991. Technically, the two sides will be discussing financial compensation for the three final years of the agreement. But the session is expected to be a barometer of whether the Philippines intends to renew the agreement in 1991, and if so, under what terms.

This review will take place with a new Philippines team, many of them nationalists who view the bases as a symbol of U.S. dominance.

The former president, Ferdinand E. Marcos, saw the U.S. bases as offsetting the Soviet military presence at Cam Ranh Bay in Vietnam. But some of the officials in the government of President Corason C. Aquino say they believe the bases align the Philippines with the United States in regional conflicts



Ambassador Nicholas Platt at the start Tuesday of talks in Manila on the future of American bases.

around the world, eroding Manila's claim to be a nonaligned country.

Philippine officials have said the intermediate-range nuclear forces treaty signed last year by President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, negates the need for U.S. military bases to counter any Soviet threat in Southeast Asia.

They have also interpreted Mr. Gorbachev's reference to the bases in his Vladivostok speech in July 1986 to mean a fit-for-ist Soviet withdrawal from Cam Ranh Bay if Americans are forced to give up Clark and Subic.

Officials have also tried to undercut U.S. government claims that the other noncommunist nations of

Southeast Asia want the bases to stay as a guarantee of regional stability. Only Singapore, they say, was willing to go on record favoring continuation of U.S. bases.

Thailand also favors keeping the bases as a counterweight to Vietnam, although Bangkok will not say so openly because Thailand closed its own U.S. bases at the end of the Vietnam War. Indonesia publicly says the U.S. bases inhibit the region's goal to become a zone of "peace, freedom and neutrality," but most Indonesian military and government officials say privately that they hope the bases will stay.

"I think sooner or later, the bases will have to go," said Leticia Ramos-Shahani, who chairs the Senate foreign relations committee. "The only question is when and how."

Philippine government officials and prominent leftist academics have also blamed the presence of U.S. bases for fostering a sense of dependency among Filipinos.

In this climate, attention has also focused on possible alternatives to the bases. Filipino officials and academics have pointed to Singapore and Thailand as two countries that have successfully managed an "economic conversion" of foreign military facilities to more profitable domestic use.

At the same time, many foreign analysts suggested that the Filipinos are posturing to increase their leverage in asking the United States for more money.

The Philippines currently receives approximately \$180 million annually in U.S. foreign military sales credits, economic support and military assistance as payment for use of the bases.

Japan Offers Australia a Plan To Construct a High-Tech City

By Michael Richardson
International Herald Tribune

CANBERRA — As Australia debates the benefits and costs of closer ties to Asia, Japan has made an offer that is forcing Australians to think more carefully about their future.

A group of 48 Japanese companies and research agencies, working with the Ministry of Trade and Industry in Tokyo, recently presented the Australian government with a plan to establish an international high-technology city in Australia.

The "city for the 21st century" would be centered around activities that are seen as vital components of urban life in the decades ahead. These include an array of advanced-technology industries and services, research and development, education, entertainment, tourism and leisure.

Australia was chosen as a site, the Japanese said, because it had, among other attractions, abundant empty land, political stability, a well-educated population and extensive communication links.

The Japanese have called the new urban center a multifunction polis, using the ancient Greek word for a city.

It is hoped that the ultra-modern city, as envisaged, would attract some of the brightest minds from Japan and other countries to live there with a permanent Australian population for up to two or three years at a time. The population of the new city would be 100,000 to 250,000.

The Japanese outline study predicted that researchers would be attracted by the high-tech industries, ultra-modern facilities and the prospect of working alongside talented scientists and specialists from other parts of the world.

The study said that by using telecommunication techniques, they would be able to keep in close audio-visual touch with their home offices and laboratories so they could "work as if at home."

Tourists, seeking educational experience and cultural interchange as well as rest and recreation, could visit the city for stays of several months.

"What started as a seemingly loopy idea has developed a life of its own," said John Button, the Australian minister for industry, technology and commerce. "There is now quite a good possibility that it will get off the ground."

Australia and Japan announced last month that they would share the cost of a series of studies by international consultants, as well as the governments and private

sectors of both countries, concerning the feasibility of building the city.

The studies, to begin this month, are expected to take about 18 months and cost about five million Australian dollars (\$3.7 million).

Many questions remain unanswered about the project. The Japanese study does not give details about how it would be planned and built, or what life there would be like.

There is no estimate of what the multifunction polis would cost, how long it would take to construct or where it would be situated in Australia.

Japanese and Australian sources associated with the proposal said

that these details would emerge from the feasibility survey and subsequent planning if it is decided to proceed with the venture.

But the Japanese outline study provides a few glimpses of how such a city might run.

It suggests that "a linear motor system" with trains running at 300 to 500 kilometers an hour (180 to 300 miles an hour) would be a "distinctive feature" of the city.

The study also says that computers and telecommunication circuits would be an integral part of residential, working and recreational life.

It adds that the city would become an international information center. Data bases established there would cater not only to residents but also to "the entire world on high technology, research, sports, health, medical care and all other areas of study."

Australian and Japanese sources said the proposal to establish the city in Australia reflected fundamental changes taking place in the Japanese economy and the attitude of Japanese to the outside world.

J.A. Hoggett, economic adviser to the Business Council of Australia, said he believed the Japanese proposal was "a major choice for Australians about where we go from here."

Australia, he said, was being offered "an opportunity to develop some of our key human and material resources in cooperation with

Japan, the most successful country in the world in applying research for practical economic and social development."

However, a number of Australian officials and businessmen worry about possible Japanese dominance in such a project. Some officials also question whether Australian interests in Asia would be well-served by developing a close identity with Japan, which is regarded with ambivalence by many of its Asian neighbors.

Terry Hilsberg, executive director of Venture Management Associates in Sydney, said he believed the benefits of an international high-tech city outweighed any costs.

Mr. Hilsberg, a former Australian official, handled the proposal after it was first floated by Hajime Tamura, the Japanese minister for international trade and industry, in a private meeting of the Australian-Japan Ministerial Committee in Canberra in January 1987.

The 48 Japanese companies on the planning committee for the new city include representatives from the construction, communication, banking, insurance, airline, tourism, high-technology and consulting industries.

They include the Export-Import Bank of Japan, the Bank of Tokyo Ltd., Japan Air Lines Co., Hitachi Ltd., Marubeni Corp., Fujitsu Ltd., Jyukanryo Research Institute Inc. and Kumagai Gumi Co.

Australian officials said the proposal was linked to Japan's program to reduce the scale of its domestic heavy industry and move rapidly ahead in developing products and services based on the most advanced technology.

"The pattern of the past," an official said, "has been that the West has produced most of the creative breakthroughs in science and technology while Japan has often applied them with the greatest commercial success."

"What the Japanese now want to master," the official said, "is the ability to think creatively, to innovate, to make conceptual leaps, because they realize that this is the key to the future."

The proposal for an international high-technology city in Australia is an extension of 24 "technopolises" in Japan that are being developed by government and industry at a cost of more than \$10 billion.

Japanese officials said that more than 15 technopolises were in an advanced stage of construction.

These centers of advanced research and industry are intended to be the productive heart of Japan in the 21st century.

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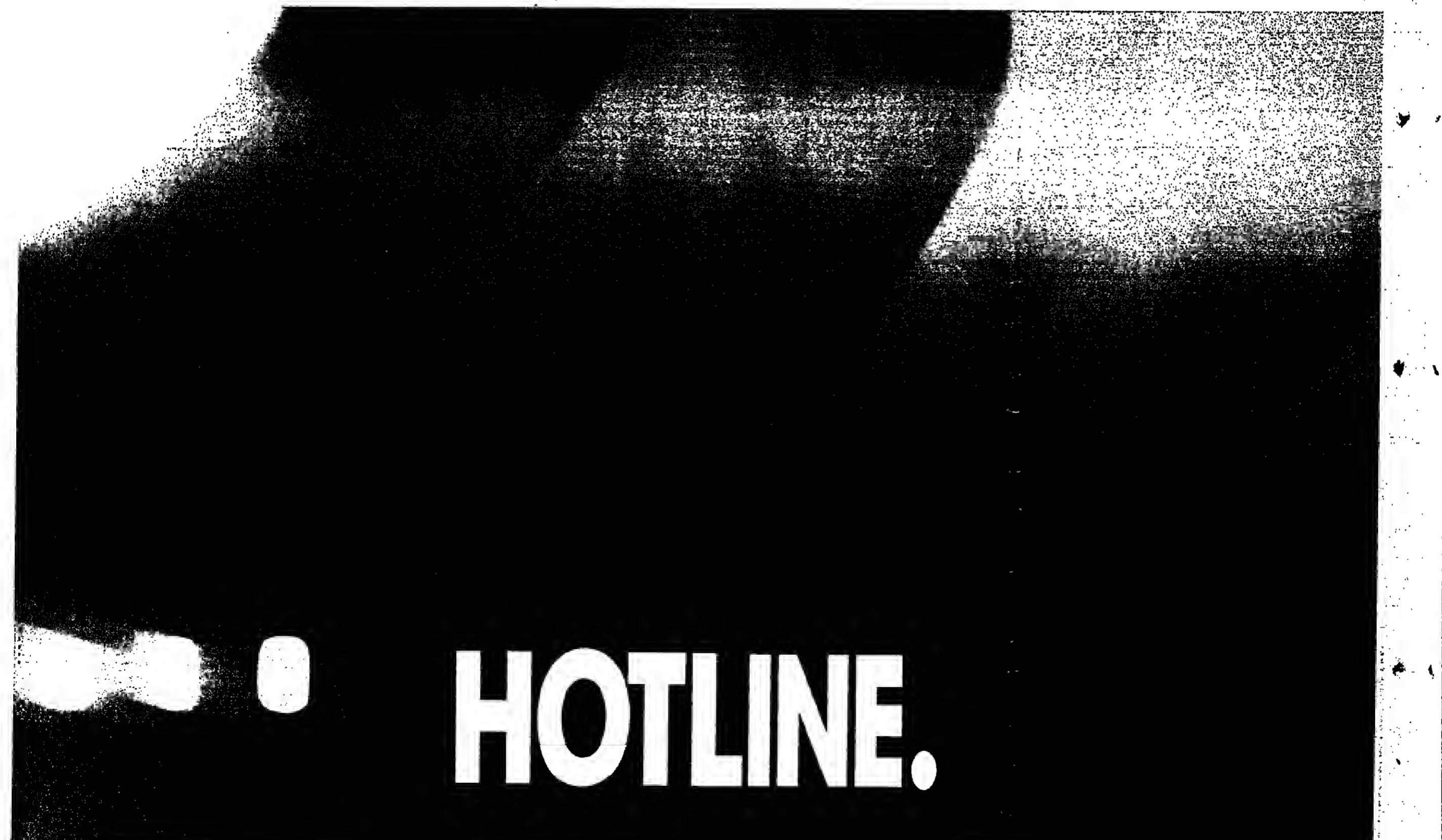
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Pravda Attacks Sister Paper For Anti-Reform 'Manifesto'

By Bill Keller
New York Times Service

MOSCOW — The Soviet Communist Party newspaper Pravda rebuked a sister newspaper Tuesday for publishing what many Russians considered an open, right-wing attack on Mikhail S. Gorbachev's reconstruction program.

Pravda said the article, a defense of Stalin and a sweeping condemnation of liberalization, amounted to a "manifesto" of Mr. Gorbachev's ideological opponents.

Mr. Gorbachev himself seemed to join the debate when he told former Chairman Willy Brandt of West Germany that "acute classes of opinion" had caused confusion and stagnation in the country.

The target of Pravda's rebuke was a full-page essay last month in the daily Sovetskaya Rossiya. Sovetskaya Rossiya is also published by the Communist Party Central Committee and by the government and parliament of the Russian Federation, the largest Soviet republic.

Purportedly written by a Lenin-

grad chemistry teacher, the March 15 article was an indignant litany of "leftist-liberal" tendencies emerging in the Soviet Union, including denigration of Stalin, affection for Western values, modernism in the arts, the rise of independent political groups, indifference to the "political treason" of Soviet citizens who want to emigrate, and a declining respect for Communist Party discipline.

According to a senior editor for one major newspaper, the unusually stern editorial in Pravda was a deliberate move by top party leaders to dispel public confusion and to signal that the process of liberalization was not in jeopardy.

Pravda, which has itself seemed ambivalent about the social upheavals in the country, condemned the "authoritarian" tone of the earlier article and printed a spirited defense of unfettered debate.

The democratization process was "impossible without the freedom of thought and speech, without an open and broad clash of opinions,

without a critical review of our affairs," the unsigned, full-page editorial said.

A Soviet journalist who is usually well-informed on such issues said that Yegor K. Ligachev, the more conservative second-ranking party leader, had spoken approvingly of the Sovetskaya Rossiya article in a meeting with editors last month.

Other journalists said there were unconfirmed reports that Mr. Gorbachev had personally ordered the Pravda rebuke, and that his closest leadership ally, Alexander N. Yakovlev, had written the editorial.

Mr. Gorbachev seemed to confirm that the controversy was on his mind when he met with Mr. Brandt.

"There are people who think everything is collapsing," Tass quoted him as saying. "Just as in the beginning of this century 'materialists' in the perceptions of some people because of new discoveries in physics, now it seems to some that 'socialism is vanishing.'"

"But in reality, it is nothing itself of anything that has deflected it in the past and is demonstrating tremendous dynamism," he said.

An editor who holds a senior position at a mainstream government newspaper said Mr. Gorbachev's supporters became concerned when they learned that the Sovetskaya Rossiya article was being reprinted in some provincial newspapers, sending a chill through local officials who had been trying to obey Mr. Gorbachev's calls for freer debate of sensitive issues.

The Pravda article, this editor said, was intended as a clear message to officials around the country that Mr. Gorbachev was still in charge and still on course.

The Sovetskaya Rossiya article, "I cannot forsake principles," was signed by Nina Andreyeva, who identified herself as a chemistry teacher at the Leningrad Institute of Technology.

Lamenting the tendency to paint an "exaggerated" picture of the Stalin repressions, the author praised Stalin as a tough, commanding military leader and builder of an industrial superpower.

Much of the current criticism of Stalin, the author said, was inspired by "spiritual followers" of Leon Trotsky, the purged Bolshevik leader, by descendants of wealthy classes overthrown by the revolution, and by "professional Western anti-Communists."

AMERICAN TOPICS

Internship System May Be In for Reform

The traditional internship or residency for U.S. medical school graduates is increasingly criticized as unhealthy for both patients and doctors. The Washington Post reports. The 100-hour work week and 36-hour shift has been standard for newly minted American doctors for most of this century.

In New York, a grand jury ascribed the hospital death of an 18-year-old girl, a few hours after she was admitted, in part to her having been put under the care of two residents, both of whom had already been at work for 18 hours. Now New York health officials propose limiting interns to 80 working hours a week, under stricter supervision by experienced physicians. Similar measures are being considered elsewhere.

While the hours are no worse than a generation ago, American hospitals these days are so expensive that only seriously ill people are likely to remain for more than a day or so. For these sicker patients, the diagnosis, treatments, drugs, and tests are proliferating. Paperwork has increased, along with the threat of malpractice suits.

The system has been called a necessary initiation for young doctors and a source of cheap labor for hospitals. These arguments hold some truth. Doctors



A QUESTION OF HEART — David A. Asch, 5, arrives Monday in New York from the Soviet Union with her mother Deborah Asch and Lung Center, Bronx Mills, New Jersey.

David A. Asch and Ruth M. Parker wrote in The New England Journal of Medicine, but "the issue is quality of care, not history, rite, training or economics."

life. The New York Times reports. Two years after the Los Angeles City Council adopted a 30-year redevelopment plan, the 56-year-old Montecito Hotel, once the abode of Ronald Reagan and Mickey Rooney, has been refurbished as low-cost housing for the elderly. Ground will shortly be broken for the Hollywood Promenade, a \$150 million project that will surround Mann's Chinese Theater with office and hotel towers, theaters, restaurants and stores. A \$922 million redevelopment plan ultimately calls for thousands of new dwellings, offices, stores and 20 acres (eight hectares) of new parks, while preserving Hollywood's historical buildings.

A proposal in the Wisconsin legislature to make the cranberry muffin the state muffin drew an amendment: that the McDonald's fast-food chain's Egg McMuffin be the official state breakfast and the ragamuffin the state's official child muffin. The amended bill was passed by the senate but died in the lower house. The original bill is still pending.

When William L. Ball 3d was sworn in as secretary of the navy, he may have conferred a new nickname on President Ronald Reagan, who was present for the ceremony. Mr. Ball had just returned from visiting one of the navy's oldest warships, the aircraft carrier USS Coral Sea, which was commissioned in 1947. "As befits a ship that so reflects the accomplishments of this president in office," Mr. Ball said, "the

nickname given to the Coral Sea is 'the Ageless Warrior.'"

Larry Speakes, who lived up to his name for six years as presidential spokesman, is speaking again, this time in a memoir titled "Speaking Out," to be published May 1 by Charles Scribner's Sons. Mr. Speakes generally speaks well of President Reagan, calling him "charming and affable but in an impersonal way," but has little good to say of other figures he encountered. Vice President George Bush was "the perfect yes man." Former Defense Secretary Caspar W. Weinberger was "a hardliner, a small man, a whiny type of guy." The political columnist George Will was "the most pompous and arrogant among a whole legion of egotists, prima donnas and problem children who report on the White House."

The late comedian Jack Benny reached age 93 and stayed true, according to his classic routine on radio and television. But last week Senator Albert Gore of Tennessee, who is campaigning for the Democratic nomination for president, left 39 behind as he gladly turned 40. Mr. Gore's relative youth has been somewhat of a burden during his campaign, as he himself confirmed at his birthday party, which was titled, "Finally 40." Said he, "I don't know of any 39-year-old who is more anxious to be 40." Indeed, his apparent effort to look older than his years prompted the Los Angeles Times to describe him as "an old person's idea of what a young person should be."

Arthur Higbee

U.S. Intensifies Drive To Get Rid of Noriega

SANTA BARBARA, California — The Reagan administration, acknowledging that economic sanctions have not worked, escalated its drive Tuesday to remove General Manuel Antonio Noriega with threats of stronger U.S. action and an unofficial invitation for a coup by Panamanian troops.

The national security adviser, Colin L. Powell, speaking as President Ronald Reagan vacationed at his ranch here, said a full range of military, political and economic options was under consideration for driving General Noriega from power.

At the same time, a senior administration official noted with satisfaction that "fractures" within the National Defense Forces gave rise to hope that troops long regarded as the key to General Noriega's hold on power may soon turn against him.

"He is still firmly in control," the official said. "But not as in control as he was perhaps a month ago. And every effort we can take to foster discontent in the Panama de-

fense forces, I can assure you, we are taking."

Although General Noriega has survived one coup attempt, U.S. officials continue to view him as vulnerable to a revolt from within the Panama defense forces.

Since Feb. 25, when General Noriega refused to relinquish command of the defense forces plunged Panama into political crisis, the primary focus of U.S. policy has been to deny him the cash needed to operate the government and create economic hardships that breed political discontent.

While insisting that the flow of U.S. dollars to General Noriega has been significantly stanchied, Mr. Powell acknowledged that U.S.-induced economic pressure "hasn't been sufficient to date."

Mr. Powell said Mr. Reagan may take action under the International Emergency Economic Powers Act to block tax payments by U.S. corporations to Panama as long as General Noriega is in power.

Some 1,300 additional U.S. troops began arriving in Panama on Tuesday; their official mission was to defend American citizens.

Meese Names New Top Aide And a Choice for No. 3 Post

The Associated Press

WASHINGTON — Attorney General Edwin Meese 3d on Tuesday named John Shepherd, a former president of the American Bar Association, as deputy attorney general, the No. 2 post in the Justice Department.

Mr. Meese also named Francis A. Keating 2d, assistant treasury secretary for enforcement, to the No. 3 job, that of associate attorney general.

Mr. Meese made the announcement after a Philadelphia lawyer and a Labor Department official turned down offers to fill vacancies in the department. Mr. Meese has not named a new assistant attorney

Meese Names New Top Aide And a Choice for No. 3 Post

general in charge of the criminal division.

Deputy Attorney General Arnold I. Burns and Assistant Attorney General William F. Weld, who headed the criminal division, abruptly resigned last week out of concern that the nearly 11-month-long criminal investigation of Mr. Meese was hurting the Justice Department's operations and image, department sources have said.

Mr. Meese wanted to fill the positions vacated by Mr. Burns and Mr. Weld, plus that of associate attorney general, before leaving Wednesday on a week-long trip to South America to speak to officials there on drug-related matters.

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ARTS / LEISURE

The Complexities Of Paul Robeson

By Sheridan Morley
International Herald Tribune
LONDON — We have waited a long time for a major play about Paul Robeson...

struggle within Robeson between his marriage and his affairs, and between his Communist sympathies and his black allegiance.

THE LONDON STAGE

son during the 1930s at the height of his London cocktail-party fame and on his Eastern European travels, and then again after the war...

At the Greenwich, the only real mystery about "The Musical Comedy Murders of 1940" is how it managed to survive a year off-Broadway.



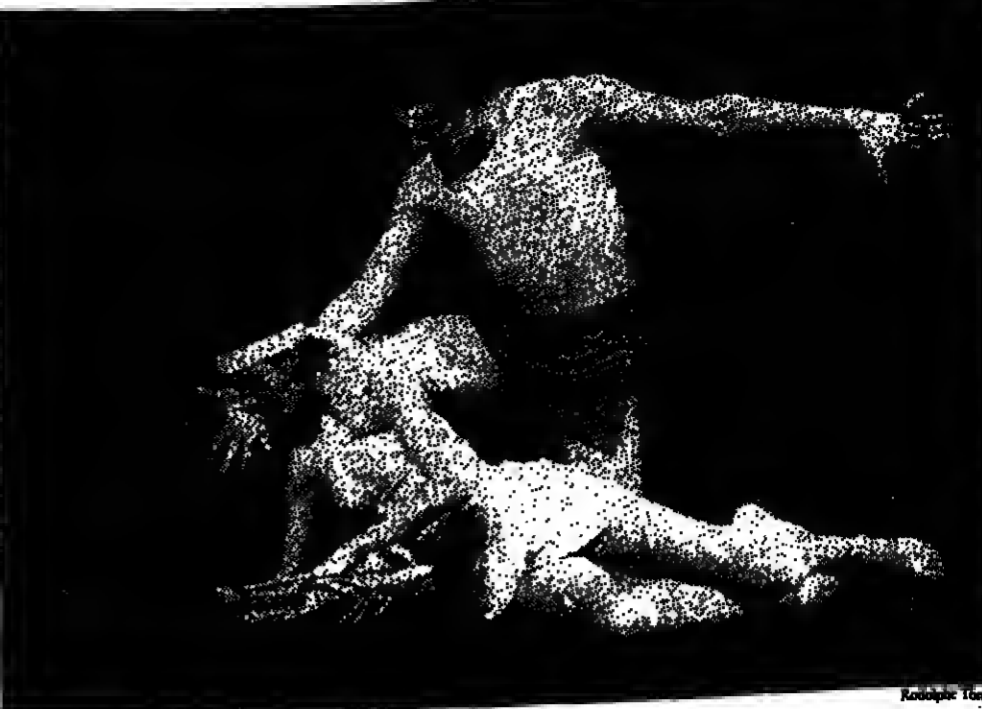
John Line, Leon Herbert in "Song of Freedom," at the Young Vic.

and a certain lack of applause. Elsewhere, however, we are treated to a talented cast (Simon Cadell, Sheila Steafel, Tom Baker and Maria Friedman) getting increasingly desperate as they attempt to breathe life into a play that has died of its own Hollywood inertia...

A Surprising 'Saint-Sébastien'

By David Stevens
International Herald Tribune

PARIS — "Le Martyre de Saint-Sébastien," with its extravagant text by Gabriele D'Annunzio and orchestral and choral music by Claude Debussy, has always existed marginally as a theatrical non-such...



Patrick Dupond and Sylvie Guillem in Robert Wilson's "Le Martyre de Saint-Sébastien."

It is not too surprising that Robert Wilson, although drawing steadily closer to a mainstream repertory, should be attracted to such an open-ended and indefinable business.

It is surprising, however, that in his first official outing as a "choreographer" he has drawn performances of such technical prowess and dramatic conviction from three stars of the Paris Opera Ballet — Sylvie Guillem, Patrick Dupond and Michael Denard — all formidable dancers who here stretch their talents to new limits.

tom) on the stage apron, either live or as voice-off but all heard through the theater's sound system. No matter, D'Annunzio's impressively high-flown lines go beyond a mere telling of the saint's martyrdom and lose themselves in a mixture of Adonis cultism, Christian mysticism, and a haze of heavily perfumed eroticism.

Thus the text is merely one element in Wilson's sound environment, the others being Debussy's orchestral sections (not the choral) and some of his piano pieces borrowed for the occasion, all on tape, and a variety of ambient sounds assembled by Hans Peter Kuhn.

Above all the movement and gesture, in short the choreography, was consistently interesting, and unexpected. That the 23-year-old Guillem should seem to float above the ground in her "danse extatique" or the burning embers could be ascribed to an illusion produced by prodigious technique, but that she was so totally possessed by the inner, and ambiguous, life of her character is something else.

DOONESBURY

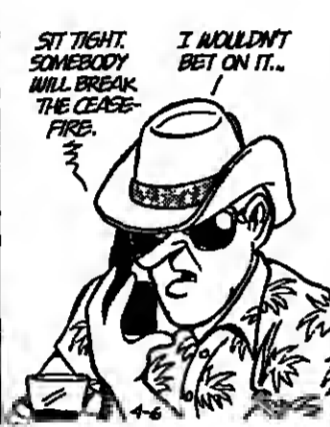


Table with 4 columns: Vol, High, Low, Last, Chg. Lists various stock symbols and their performance.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Rises in Slow Trading

NEW YORK — Prices on the New York Stock Exchange rose Tuesday in one of the slowest sessions so far this year. Analysts said the market gained some solace from a firmer dollar, but the low trading volume robbed the advance of any real significance.

NYSE Rises in Slow Trading

Analysts said that in addition to the advance in the dollar, a relatively stable bond market and some late afternoon program buying provided support, but failed to eradicate the concern that interest rates are on the rise.

NYSE Rises in Slow Trading

Mr. Groveman said the "catalyst" to the technical rally probably was the strength in the dollar. Hildegard Zagorski of Prudential-Bache Securities said, "We had a nice little snap back in the averages, but nobody really knows where this market is headed."

NYSE Rises in Slow Trading

Large table containing various stock market data, including NYSE, AMEX, and NASDAQ indices and individual stock prices.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.



WEDNESDAY, APRIL 6, 1988

MADISON AVENUE

An Angry RJR Nabisco Drops Saatchi & Saatchi

By PHILIP H. DOUGHERTY

NEW YORK — RJR Nabisco Inc., a producer of tobacco and food products and the fourth-largest U.S. national advertiser, has dismissed Saatchi & Saatchi DFS Compton, its domestic ad agency for 18 years, apparently because it created a TV commercial announcing Northwest Airlines' new smoking ban.

The agency's British parent will continue to work for RJR Nabisco overseas. Executives of other major advertising agencies were jolted by the news Tuesday, especially because Saatchi & Saatchi does not handle tobacco products for the company.

The agency works only for the cookie and candy divisions of RJR Nabisco. "That's amazing," said Leonard S. Matthews, president of the American Association of Advertising Agencies. "The move is really emotional and irrational."

The official announcement from RJR Nabisco, which spent about \$930 million for advertising in 1986, said that the company felt it was important to deal with advertising agencies "that have a wholly consistent philosophical approach to its plans and programs." It said that "philosophical differences" had developed, but it never mentioned the television spot for Northwest Airlines.

A source familiar with RJR Nabisco who asked not to be identified said that the company was indeed retaliating for the Northwest commercial — but largely because it had not been informed in advance by the agency.

Peter F. McSpadden, president and chief operating officer of Saatchi & Saatchi DFS, the U.S. unit of the British ad agency, said that the airline, seeking a jump on its competition, had sworn all agency personnel to secrecy on its planned announcement.

The commercial shows the crowded interior of an airliner with a single smoker. An announcement is made that beginning April 22, smoking will no longer be permitted on Northwest in travel to 48 states. All but one of the passengers applaud.

"We programmed the spot so as to reach business executives," Mr. McSpadden said. He added ruefully, "We certainly reached the ones at RJR Nabisco."

Mr. McSpadden said he received "an irate phone call" about a week ago. Then he received a visit in his office this week from William McKnight Jr., president of the Life Savers division, who told him the account was terminated.

The O. Milton Gossett, co-chief executive of Saatchi & Saatchi DFS, believes that RJR Nabisco's top management is angry, including Edward A. Honigson Jr., its vice chairman, and F. Raul Johnson, the president and chief executive.

Saatchi & Saatchi is losing all of the domestic assignments from the Nabisco Brands and Life Savers units. That includes advertising for Oreo and Chips Ahoy cookies, Life Savers candies, Care Free Superabsorbent Gum, Breath Saver Mints and Bubble Yum Bubble Gum.

Northwest has been a client of the agency for about five years and has an annual budget of about \$60 million. As the result of losing the RJR Nabisco business, Saatchi & Saatchi probably will have to cut staff. Mr. McSpadden had no estimate on job losses. The consultants Alvin A. Achenbaum specialists said the \$70-million in billings would translate into about \$9 million in lost revenue.

What particularly upsets agency executives outside Saatchi & Saatchi is the "conflict situation" as a limit on an advertising agency's growth. Agencies often cannot take on a product that goes head to head with one already at the agency or that conflicts with one in a client's division.

Japanese Snap Up U.S. Land

Spent \$12 Billion In '87, a Record

By Douglas Frantz

LOS ANGELES — Japanese investors spent a record \$12.7 billion on U.S. real estate in 1987, an increase of 70 percent over the previous year, according to data compiled by an accounting and consulting firm.

The Japanese investment boom is diversifying beyond office buildings and hotels into industrial and residential property, the data indicates, and investors are expanding from major cities into suburban and secondary real estate markets.

The information is contained in a report scheduled for release Wednesday and prepared by Los Angeles-based Kenneth Leventhal & Co., which specializes in real estate transactions.

The figure is the highest estimate yet of Japanese investment in property in the United States and may mean the Japanese are the largest foreign holders of U.S. real estate.

Even the \$12.7 billion may not be the full amount. Jack R. Rodman, a managing partner of Leventhal, said the figure does not include all real estate transactions or any Japanese investments in other areas, such as the \$2 billion purchase of CBS Inc.'s records group by Sony Corp.

Investment in real estate, a favorite of Japanese investors for several years, rose from \$1.86 billion in 1985 to \$7.53 billion in 1986, before soaring again last year, the report said. In 1988, Leventhal estimated, the Japanese will add \$16 billion to \$19 billion to their U.S. real estate holdings, which now total \$26.34 billion.

The report listed 10 reasons for the surge in Japanese investment, including such familiar ones as the appreciation of the yen in relation to the dollar and Japan's trade surplus and high per capita savings rate.

It also pointed out that yields on Japanese real estate are a fraction of what they are for comparable U.S. properties. Yields generally range from 2 percent to 3 percent in Tokyo, compared with 6 percent in Los Angeles.



A highly detailed graphic on a computer workstation, and James H. Clark, the founder of Silicon Graphics in Mountain View, California. The company is a leader in graphic work stations.

What Are Shrinking, and Fast?

Ace Computers, But Every Desk Won't Get One

By Lawrence M. Fisher

SUNNYVALE, California — Using a supercomputer always has been a little like flying on the Concorde: It may be fast, but a traffic jam can delay your arrival at the airport.

The lines of engineers and scientists waiting to get time on the company machine could shrink, however, as a new generation of small but extremely fast computers come on the market. Selling for about \$100,000, the computers promise to bring exceptional power to the desks of individuals.

"Whole areas of science will be automated through these machines," said Allen Michels, head of Aquent Computer Corp. of Sunnyvale, one of the developers.

The new computer "marks the beginning of supercomputing for the masses," he said. "It will accelerate the tempo of scientific discovery."

In recent years, supercomputers have become essential tools for scientists and engineers who must quickly manipulate vast amounts of data. The largest and fastest machines sell in the \$20 million range and are used by government research laboratories or others who need extraordinary computer power.



Next in size and speed come the mini-supercomputers, which sell for \$200,000 to \$1.3 million. The new, smallest machines are known variously as graphics supercomputers, personal super-

computers, and workstations. See SUPER, Page 11

New Zealand, Australia Weigh Airline Merger

Compiled by Our Staff From Dispatches

SYDNEY — Australia and New Zealand have proposed merging their national airlines and selling a 49 percent stake to the public to create a company that can compete more effectively with foreign carriers.

Bob Hawke, the Australian prime minister, said Tuesday. The proposal foresees a merger of the two Australian carriers, Qantas and Australian Airlines, with Air New Zealand. The two governments would retain a 51 percent stake, with 41 percent for Australia and 10 percent for New Zealand.

The new airline, which analysts said would have access to all domestic and international routes covered by the three existing companies, would have 95 aircraft, roughly the same as Japan Air Lines Co., one of the world's major carriers.

A merger also would extend consolidation in the international airline industry. The trend has been highlighted recently by British Airways PLC's purchase of British Caledonian Group PLC, Scandinavian Airlines System's search for partners, and the growth of Texas Air Corp. into a global carrier.

The Australian Financial Review said Tuesday that a merger would inject capital into the airlines and create in the Pacific an "undisputed ruler of the region's skies."

But the newspaper listed several obstacles, including the marked opposition of Australia's ruling Labor party to privatizations in recent months. It also noted that the airlines themselves have fiercely independent managers.

Air New Zealand's chief executive, Norman Geary, already has said that the proposal has little support within his company.

Mr. Geary said Monday that Air New Zealand should maintain its national identity no matter whether a minority shareholding is sold overseas or within the country.

Ministers said the merger was one of many options being considered. Both governments had been considering at least partial sell-offs of the individual airlines, with New Zealand already having proposed selling at least 25 percent of its national airline.

The chief executive of British Airways, Colin Marshall, has been quoted by New Zealand's The Dominion newspaper as saying his airline is interested in Air New Zealand.

Qantas, the biggest of the three airlines involved in the merger proposal, had a profit of 63.7 million Australian dollars (\$47.3 million) on sales of 2.6 billion dollars in the year ended in March 1987.

Qantas operates 30 aircraft to 38 international destinations, while Australian Airlines flies 31 aircraft to 19 destinations within Australia.

Air New Zealand operates 34 aircraft to 44 destinations, with more than half of those forming its domestic network. (Reuters, AFP)

Continental, Eastern Hold 'Sale' on Fares

Compiled by Our Staff From Dispatches

DENVER — Continental Airlines and Eastern Airlines, two subsidiaries of the aggressive fare-cutter Texas Air Corp., said Tuesday they would make selected fare cuts on tickets purchased during a nine-day "sale" period.

The move by Texas Air, which often takes the role of pricing leader, appeared to touch off a skirmish only a few weeks after the major airlines steeply raised fares. Delta Air Lines and United Airlines said they would match the cuts in competitive markets.

Continental announced a "spring sale" on some tickets for travel between April 18 and June 15, with no one-way fare exceeding \$99 for travel anywhere in the mainland United States.

The cuts of up to 36 percent apply only to its cheapest discount fares. Tickets must be purchased in the next nine days. Eastern made a similar offer. (AP, Reuters)

AMEX Most Active

AMEX Stock Index

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australian dollar, Canadian dollar, Hong Kong dollar, etc.

Clasings in London, Tokyo and Zurich, figures in other centers, New York closing rates. Commercial banks: To buy one pound; To buy one dollar; Units of 100; N.A.: not quoted; N.A.: not available.

Other Dollar Values

Table with columns for Currency, Bid, Ask, and other values. Includes entries for Argentine dollar, Australian dollar, etc.

Forward Rates

Table with columns for Currency, Bid, Ask, and other forward rates. Includes entries for Pound Sterling, Japanese yen, etc.

Sources: Indusbank (Brussels); Banca Commerciale Italiana (Milan); Banque Paribas de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (Lithuan, Slovak, etc.); Goshbank (Tbilisi). Other data from Reuters and AP.

Interest Rates

Table with columns for Currency, Bid, Ask, and other interest rates. Includes entries for Eurocurrency deposits, etc.

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lyorck Bank (ECU); Reuters (SDR). Rates available to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Table with columns for Currency, Bid, Ask, and other key money rates. Includes entries for United States, etc.

Asian Dollar Deposits

Table with columns for Currency, Bid, Ask, and other Asian dollar deposits. Includes entries for 1 month, 3 months, etc.

U.S. Money Market Funds

Table with columns for Fund Name, Bid, Ask, and other U.S. money market funds. Includes entries for Merrill Lynch Ready Assets, etc.

Gold

Table with columns for Location, Bid, Ask, and other gold prices. Includes entries for Hong Kong, London, etc.

Asians Move To Clone IBM PS-2

By John Markoff

NEW YORK — Two Asian manufacturers have taken the first legal step toward cloning International Business Machines Corp.'s new PS-2 personal computers.

The actions by Canon Inc. of Japan and a Taiwanese computer manufacturer do not clear the way for producing PS-2 clones because additional licenses may be needed.

But the legal steps suggest some eagerness among computer makers to eventually build the PS-2-compatible machines and tap what could become a big market.

Computer Automation Inc., an Irvine, California, computer equipment maker that designed an integral part of the PS-2, said Monday it had signed a patent licensing agreement with Canon and the Taiwanese computer manufacturer, which said it did not want to be named.

The pact covers the portion of IBM's PS-2 design that permits add-on circuit boards to be automatically configured when they are installed in PS-2 computers.

Permission from Computer Automation, which licensed its design to IBM, "isn't the only step necessary to make a PS-2 clone," said Ira Robinson, a Computer Automation executive.

Industry experts said permission would also be required from IBM for use of some of the proprietary design contained in the company's personal computers.

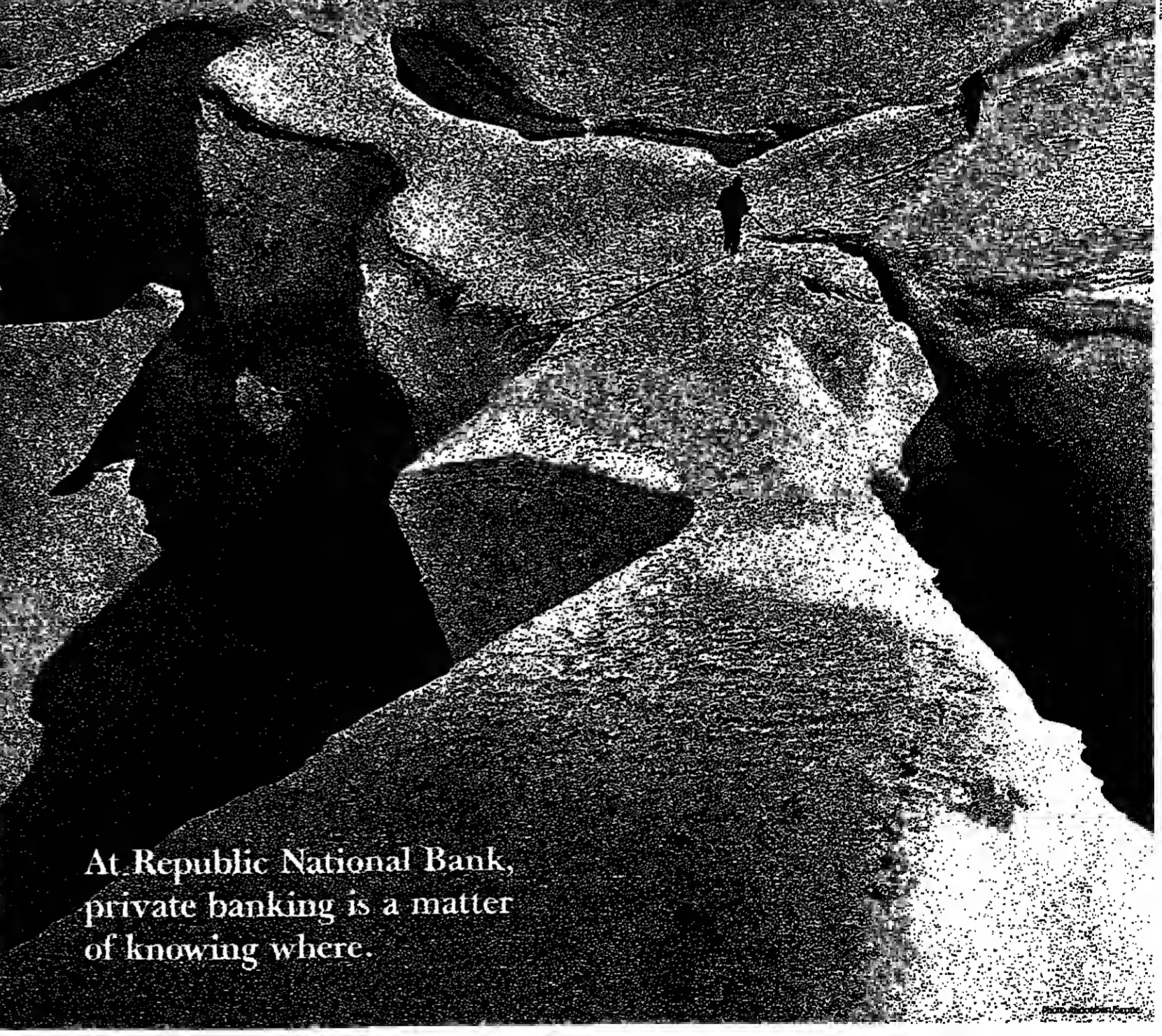
A lawyer who represents six American companies that are negotiating for a license of the Computer Automation patent said his clients felt that the asking price was too high and questioned whether the patent claim was enforceable.

"It may be two or three years before this is important," said the lawyer, G. Gervaise Davis 3d of Monterey, California. "It may be possible to build a machine without infringing the patent."

IBM also has clouded the issue on whether the Computer Automation patent is necessary to design a PS-2-compatible computer.

IBM calls its proprietary computer architecture Micro Channel. It consists of the main communication lines over which data in the computer are passed. IBM has protected the design of the Micro Channel with a series of patents and copyrights. Legal questions about the Micro Channel patents are the stumbling blocks holding back companies planning to build PS-2-compatible computers.

To date a number of companies have designed sets of chips needed to manufacture a PS-2-compatible. But none has announced formal plans to introduce such a computer.



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Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. P/E, 52 High, Low, Close, Open, Change. Lists various stocks and their performance.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 5th April 1988

Large table listing various international funds with columns for fund name, currency, and other details. Includes sub-sections like 'Other Funds' and 'FUND GROUPS'.

FAR EAST GROWTH FUND notice of meeting. Text: 'Notice is hereby given that the second Annual General Meeting of FAR EAST GROWTH FUND will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on Tuesday 26th April, 1988 at 11 noon...'.

ESPRIT SICAV notice of meeting. Text: 'Notice is hereby given that the ANNUAL GENERAL MEETING of the Shareholders of ESPRIT SICAV will be held at the registered office of the company at 11:00 a.m. on April 15, 1988...'.

مكاتبنا في القاهرة

Court Halts Beazer Bid for Koppers

Compiled by Our Staff From Dispatches
LOS ANGELES — A U.S. federal judge has halted Beazer PLC's bid for the construction materials maker Koppers Co., citing concern about the effects of a takeover on jobs in Southern California.

On Monday, U.S. District Judge Manuel Real granted a preliminary injunction requested by Koppers against the \$1.7 billion hostile offer. Beazer immediately appealed to the 9th Circuit Court of Appeals.

Beazer attorneys said an injunction could have "drastic consequences" for Beazer's \$60-a-share tender offer, which expires Thursday.

Koppers' stock was unchanged at \$57.25 a share in early trading Tuesday on the New York Stock Exchange.

Koppers, based in Pittsburgh, had sought to block the takeover on antitrust grounds. It asserted that

there would be an overlap of construction materials operations between the two companies in Southern California.

Earlier, Beazer had agreed to sell a Koppers quarry in Los Angeles should it take over Koppers. As a result, the U.S. Justice Department ended its antitrust probe of the bid.

Then, in weekend negotiations with the California attorney general's office, Beazer agreed to sell two cement plants, one asphalt plant and related trucking operations in Southern California.

But Judge Real said there was still some concern about employment levels in the local operations.

He also said the agreement between Beazer and the California attorney general's office infringed upon his jurisdiction.

The injunction succeeds a restraining order Judge Real issued on March 25 against the bid. The

offer is being made through BNS Inc., owned by Beazer, Shearson Lehman Hutton Inc. and NatWest Investment Bank Ltd.

In Pittsburgh, Governor Robert P. Casey of Pennsylvania asked a federal judge Monday to allow his administration to intervene on Koppers' side in a federal lawsuit aimed at blocking a takeover.

Koppers had filed the lawsuit in Pittsburgh accusing Beazer and Shearson of violating securities laws in making the bid.

In a brief to U.S. District Judge Maurice Cohill, Mr. Casey said the potential loss of 1,100 Pittsburgh-area jobs in Koppers' chemical businesses would hurt the local economy.

Beazer has indicated it would sell the chemical business if it acquires Koppers. (Reuters, AP)

Come Payday, Lawyers and Bankers Will Celebrate Federated Deal

By Stephen Labaton
New York Times Service
NEW YORK — The 11-week battle for control of Federated Department Stores Inc. will produce one of the biggest paydays Wall Street has ever seen. Investment banks and law firms expect to collect at least \$200 million.

A bidding war between Campeau Corp. and R.H. Macy & Co. and the pending \$6.6 billion takeover of Federated by Campeau has involved about 200 investment bankers and lawyers from seven investment houses and half a dozen law firms.

"It's called the Wall Street Fair Employment Act of 1988," said a lawyer involved in the takeover, which will be far the largest since the October stock market collapse, and the fifth-largest in U.S. history.

The amount of the fees is certain to rekindle the debate about the value of corporate takeovers. Opponents of many of the battles for corporate control main-

tain that the only beneficiaries are investment bankers and lawyers. These opponents are likely to view the Federated deal as an inspiration in Wall Street professional circles to encourage even more takeovers.

For their part, investment bankers and lawyers maintain the fees are justified because so much is riding on their advice. In addition, the strategies are crafted under what they describe as often grueling conditions, including all-night sessions preparing documents, one court appearance after another, and daily fare of cold sandwiches and lots of coffee.

The more than 130 lawyers charged hourly rates ranging from about \$100 for junior associates in more than \$350 for the senior partners. The law firms are expected to collect more than \$40 million combined.

Investment banking firms will rake in the most. The seven firms will share at least \$140 million. Some will add to their share

as additional Federated assets are sold. As many as half a dozen commercial banks will collect millions of dollars in fees for committing to lend money to complete the takeover. And several accounting firms will bill seven-figure amounts.

According to papers filed with the Securities and Exchange Commission, Federated's three investment banking firms will split \$54 million. The fees are based in part on the size of the final bid and in part on flat retainers. Shearson Lehman Hutton will take \$19.3 million, Goldman Sachs & Co. will get \$17.5 million, and Hellman & Friedman will bill for \$16.3 million.

First Boston Corp., Campeau's main adviser, stands to make more than \$50 million, depending on which Federated stores are sold. Most of that will be for arranging \$1 billion in bridge financing, temporary payments that will enable Campeau to complete the deal quickly.

For its advice First Boston has already charged \$19 million, \$12 million of which was a "success fee." Up to \$10 million will go to Wasserstein, Perella & Co., a new firm headed by defectors from First Boston. First Boston also has an arrangement in act as sole financial adviser for the sale of divisions of the new Campeau-Federated entity.

Macy fared better than the other two companies involved because it will bear no transaction costs. Under an agreement reached last week, all of Macy's legal and investment expenses, totaling about \$60 million, will be paid by Campeau.

The investment bankers and lawyers are not the only ones to profit. The \$73.50-a-share offer by Campeau more than doubled Federated's stock price of \$35.875 on the day before the bid was made, enriching Federated shareholders by a total of \$3.7 billion.

SUPER: A Shrinking Computer

(Continued from first finance page)
 computers, or super-work stations. The machines, which have a three-dimensional graphics capability and quickly can manipulate large amounts of data, are expected to be comparatively priced. That compares with \$20 million for the latest supercomputer from Cray Research Inc., or \$300,000 and up for a mini-supercomputer from companies such as Convex Computer Corp. and Alliant Computer Systems Corp.

Initially, the new machines will run applications now divided between supercomputers and ordinary work stations, such as computer modeling in computational chemistry, mechanical engineering and seismic interpretation. To varying degrees, they also rely on technology developed for existing supercomputers. This includes parallel processing, where programs are divided up between multiple, or parallel, processors, and reduced instruction set computers, that speed up the individual processors.

But Arden's Titan is 100 more than a tenth as fast as a supercomputer, based on standard supercomputing benchmarks, and a third as fast as the mini-supercomputers, measured in megaflops, or millions of floating point operations per second, the industry's speed measure. But the fastest machines are so expensive that they must be shared. An engineer typically spends far more time waiting than computing.

In addition, because the graphics and computing are integrated in the new machines, an engineer simultaneously can see, in a three-dimensional model, the changes being made in the computer. Combining the graphics with the computer display will allow us to move swiftly between those domains," said Michael Figue, a computer scientist at the Scripps Clinic and Research Foundation.

But both entries are nearly a year behind the original predictions, and the delay has allowed established manufacturers to enter the race. Apollo, a leading manufacturer of work stations, and Silicon Graphics Inc. of Mountain View, California, also are joining the market.

While the Titan has an entry-level price of \$79,000, the fully con-

figured multiprocessor versions that most users would want cost \$150,000 or more. Competitors' machines are expected to be comparatively priced. That compares with \$20 million for the latest supercomputer from Cray Research Inc., or \$300,000 and up for a mini-supercomputer from companies such as Convex Computer Corp. and Alliant Computer Systems Corp.

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"We flew around the world faster than the fastest 747 to prove our point about the Gulfstream IV. Again."

by Allen E. Paulson
 Chairman and Chief Executive Officer
 Gulfstream Aerospace Corporation

"On February 26-27, 1988, I and three other Gulfstream pilots flew one of our Gulfstream IV business jets around the world in 36 hours, 8 minutes, to set new speed records for all types and sizes of transport aircraft, including big 4-engine airliners."

The flight created news, but we were going after far more than headlines when we planned it.

Business jet vs. Jumbo jet



The Gulfstream IV... "David"
 Designed to fly at least 8 passengers and baggage nearly 5,000 statute miles non-stop. Powered by two Rolls-Royce Tay engines, total thrust: 26,800 pounds.

The Boeing 747SP... "Goliath"
 Designed to fly over 300 passengers and baggage more than 6,600 statute miles non-stop. Powered by four turbofan engines, typical total thrust: approximately 300,000 pounds.

It was a deliberate effort to prove once again to our customers, our prospects, our friends and - yes, even our competitors - that everything we say about the Gulfstream IV is true.

It is the most amazing business jet ever designed and built.

We demonstrated that by taking up a 'David vs. Goliath' challenge created by a Boeing 747SP a few weeks earlier when it set a new speed record of just under 37 hours for an around-the-world flight."

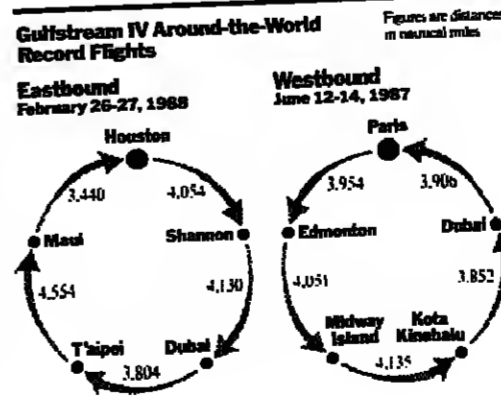
We were confident the Gulfstream IV could better that mark.

And it did. By more than 45 minutes. That's right. Our business jet beat a jumbo jet designed specifically to fly long hauls at high speeds.

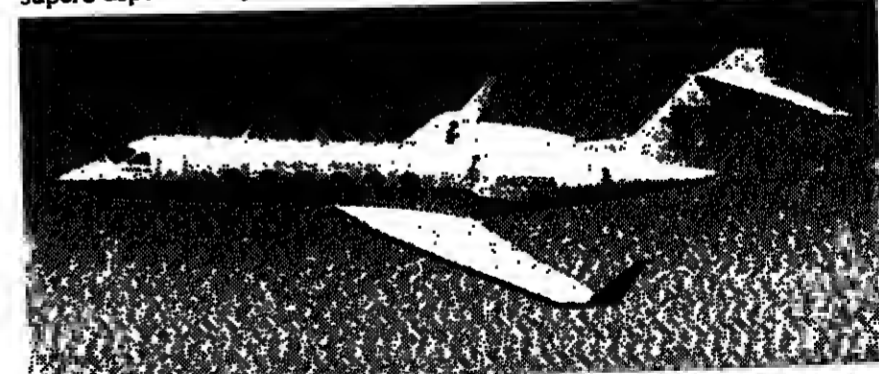
Aviation history in two directions.
 This was the second around-the-world record-setting trip for the Gulfstream IV.

The first time, in June 1987, we went westbound from Paris, France. We made aviation history, because we flew around the world faster against prevailing winds than any transport aircraft ever had going eastbound with the wind.

This time, we went eastbound from Houston, Texas. Once again, aviation history.



Our confidence is catching.
 In going around the world and setting these records, we did everything we set out to do. We left no unanswered questions about the Gulfstream IV in terms of its remarkable performance and superb dependability.



The Gulfstream IV Pursuit of Perfection had less than 25 flight hours on airframe and Rolls-Royce Tay engines when it began its around-the-world record flight on February 26, 1988. The aircraft was modified for additional weight and fuel.

Think about these flights of the Gulfstream IV when you evaluate business jets to handle your travel requirements for the balance of this century and beyond.

Remember, there is a certain feeling that comes, not only from knowing that you have invested in the world's finest and most advanced business jet, but also that you are flying in it. And I can tell you from my experience as a Gulfstream IV pilot what that feeling is.

It's confidence."

Allen E. Paulson



*Official total elapsed time of the Gulfstream IV over the required record distance approximately 23,000 statute miles was 36 hours, 8 minutes, 34 seconds at an average speed of 637.71 mph, with 4 stops. Total elapsed time of the Boeing 747SP over the required distance was 36 hours, 54 minutes, 15 seconds, at an average speed of 623 mph, with two stops. For more information about the Gulfstream IV, contact Joseph E. Ancker, Vice President, Gulfstream International Marketing, Gulfstream Aerospace Corporation, Savannah, Georgia 31402 U.S.A. Telephone: (912) 964-3288.

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Austria	A. Sch.	4,900	2,700	1,500
Belgium	B.F.	11,500	6,200	3,400
Denmark	D.Kr.	2,700	1,500	880
Finland	F.M.	1,630	1,000	590
France	F.F.	1,630	880	480
Germany	D.M.	600	330	182
Great Britain	£	138	74	41
Greece	Dr.	25,000	14,000	7,700
Ireland	Ir.£	150	85	47
Italy	Lire	400,000	230,000	120,000
Luxembourg	L.Fr.	11,500	6,200	3,400
Netherlands	Fl.	660	365	200
Norway	Nkr.	2,000	1,100	600
Portugal	Esc.	26,000	14,300	7,900
Spain	Ptas.	31,000	17,000	9,400
Sweden	Skr.	45,200	22,600	11,310
Switzerland	S.Fr.	2,000	1,100	600
Switzerland	S.Fr.	2,500	1,400	700
Switzerland	S.Fr.	510	280	154
Rest of Europe, North Africa, former French Africa, India, East S.	\$	470	260	145
Rest of Africa, Gulf States, Asia	\$	620	340	190

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Stock	High	Low	Open	Close	Change
IBM	115 1/2	115 1/4	115 1/4	115 1/2	+1/4
AT&T	48 1/4	48 1/8	48 1/8	48 1/4	+1/8
GE	34 1/4	34 1/8	34 1/8	34 1/4	+1/8
IBM	115 1/2	115 1/4	115 1/4	115 1/2	+1/4
AT&T	48 1/4	48 1/8	48 1/8	48 1/4	+1/8
GE	34 1/4	34 1/8	34 1/8	34 1/4	+1/8
IBM	115 1/2	115 1/4	115 1/4	115 1/2	+1/4
AT&T	48 1/4	48 1/8	48 1/8	48 1/4	+1/8
GE	34 1/4	34 1/8	34 1/8	34 1/4	+1/8

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IBM	115 1/2	115 1/4	115 1/4	115 1/2	+1/4
AT&T	48 1/4	48 1/8	48 1/8	48 1/4	+1/8
GE	34 1/4	34 1/8	34 1/8	34 1/4	+1/8

U.S. Futures

Via The Associated Press

Contract	Open	High	Low	Close	Change
WHEAT (CBT)	120 1/2	121 1/4	120 3/4	121 1/4	+1/8
SOYBEAN (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
CORN (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
SOYBEAN MEAL (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
SOYBEAN OIL (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Food

Contract	Open	High	Low	Close	Change
COFFEE C (NYCCE)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
SUGAR WORLD II (NYCCE)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
COCOA (NYCCE)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Metals

Contract	Open	High	Low	Close	Change
COPPER (COMEX)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
ALUMINUM (COMEX)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
SILVER (COMEX)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Floating-Rate Notes

Issuer/Rate	Yield	Price
IBM 7 1/8%	7 1/8%	100 1/4
AT&T 7 1/8%	7 1/8%	100 1/4
GE 7 1/8%	7 1/8%	100 1/4

NYSE High-Lows

Stock	High	Low
IBM	115 1/2	115 1/4
AT&T	48 1/4	48 1/8
GE	34 1/4	34 1/8

Currency Options

Contract	Open	High	Low	Close	Change
GBP (CME)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
JPY (CME)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Financial

Contract	Open	High	Low	Close	Change
US TREASURY BONDS (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
US TREASURY NOTES (CBT)	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Stock Indexes

Index	Value	Change
Dow Jones	2,800	+15
S&P 500	1,200	+10

Commodity Indexes

Index	Value	Change
Moody's	1,000	+5
Reuters	1,000	+5

Market Guide

Summary of market activity and trends.

London Commodities

Contract	Open	High	Low	Close	Change
SUGAR	100 1/2	101 1/4	100 3/4	101 1/4	+1/8
COFFEE	100 1/2	101 1/4	100 3/4	101 1/4	+1/8

Dividends

Company	Dividend	Yield
IBM	1.00	8.7%
AT&T	0.50	10.4%

Spot Commodities

Commodity	Price	Change
Aluminum	100 1/2	+1/8
Copper	100 1/2	+1/8

Woolworth Shares Rise on Dart Plan

Reuters
NEW YORK — Shares in F.W. Woolworth Co. rose Tuesday on expectations that a big stock purchase by a partnership formed by the Haft family would lead to a takeover battle for the U.S. retailer.

After advancing \$3.875 Monday, the company's stock climbed another \$2.625 to close at \$56.75 on Tuesday on the New York Stock Exchange. It was the most actively traded issue on the exchange.

Woolworth said Monday that a partnership formed by the Haft family, which controls the retailer Dart Group Corp., had filed for regulatory approval to buy up to \$15 million in stock, or up to 15 percent, of Woolworth.

Woolworth, the 13th-largest U.S. retailer, also said its board had adopted a shareholder rights plan to deter unfair takeover tactics.

Expectations of a price exceeding \$70 a share and as high as \$84 a share ignited a buying frenzy. Woolworth's stock was trading as high as \$57.50 at mid-morning.

Analysts estimated that a takeover of Woolworth, which has 66.1 million shares outstanding, could cost as much as \$4 billion.

"When Dart makes an investment," a company "goes into

Suez Sets Fund For Investing in West Germany

Agence France-Press
PARIS — Compagnie Financière de Suez and a group of French, Japanese and Saudi Arabian investors have set up a development fund in West Germany 100 million Deutsche marks (\$60.5 million) in capital, officials at Suez said Tuesday.

The fund, Suez German Capital Partners, will invest in medium-size West German companies in the industrial and services sectors, they said.

Suez controls 15 percent of the new company and Japan's Daiwa Securities Co. about 3 percent. Other partners include the French oil company Elf Aquitaine, the glass and construction materials group Compagnie de Saint-Gobain, the nuclear engineering company Framatome SA, and Compagnie Générale des Eaux, a public water utility, as well as private Saudi investors.

Suez said two to three investments were under study.

Tuesday's AMEX Closing

Tables include the nonfutures prices up to the closing on Wall Street and do not reflect late trades elsewhere. 1 in The Associated Press

12 Month High	Low	Stock	Chg.	Yld. PE	Div. 100	High	Low	Close	Open
120	115	IBM	+1.25	12.5	4.0	120	115	116.25	115.00
125	120	AT&T	+0.75	10.5	3.5	125	120	121.50	120.00
130	125	GE	+0.50	11.0	3.0	130	125	126.00	125.00
135	130	AMC	+0.25	10.0	2.5	135	130	131.00	130.00
140	135	AMR	+0.10	9.5	2.0	140	135	136.00	135.00
145	140	AMT	+0.15	9.0	1.5	145	140	141.00	140.00
150	145	AMX	+0.20	8.5	1.0	150	145	146.00	145.00
155	150	AMZ	+0.25	8.0	0.5	155	150	151.00	150.00
160	155	ANR	+0.30	7.5	0.0	160	155	156.00	155.00
165	160	ANR	+0.35	7.0	0.0	165	160	161.00	160.00
170	165	ANR	+0.40	6.5	0.0	170	165	166.00	165.00
175	170	ANR	+0.45	6.0	0.0	175	170	171.00	170.00
180	175	ANR	+0.50	5.5	0.0	180	175	176.00	175.00
185	180	ANR	+0.55	5.0	0.0	185	180	181.00	180.00
190	185	ANR	+0.60	4.5	0.0	190	185	186.00	185.00
195	190	ANR	+0.65	4.0	0.0	195	190	191.00	190.00
200	195	ANR	+0.70	3.5	0.0	200	195	196.00	195.00

Group Claims VW Proceeds

Reuters
HANNOVER, West Germany — The Volkswagen Foundation, a research body linked to Volkswagen AG, asserted Tuesday that it had a right to about 70 percent of the proceeds from the federal government's sale of a stake in the automaker last month.

The body's secretary-general, Rolf Müller, raised the possibility of court action to obtain the 765 million Deutsche marks (\$462 million) of 1.1 billion DM in revenue from the sale of the 16 percent stake.

The foundation previously received VW dividends paid to the federal government. The Finance Ministry has offered to keep paying an equivalent.

Profit Forecasts Raised for Ford and GM

Reuters
NEW YORK — A leading Wall Street analyst raised his earnings forecast Tuesday for Ford Motor Co. and General Motors Corp. because of an expected improvement in the car market and more aggressive production schedules.

Ford's stock rose 87.5 cents a share to close at \$44.375 and GM's stock rose 25 cents to end at \$70.625 on the New York Stock Exchange.

Joseph Phillippi of Shearson Lehman Hutton Inc. said he now expected Ford to earn \$8.60 a share this year, compared with a previous estimate of \$7.20. He said he expected GM to earn \$8.80, versus an earlier estimate of \$7.10.

He said that GM's aggressive production schedule was having a positive impact on earnings. GM is trying to rebuild depleted inventory from the first quarter.

GM said in February it was planning to raise production by about 175,000 vehicles through the rest of the year.

Cost reduction programs that have been in place for some time and a sharp improvement in use of capacity also contributed to GM's improving earnings prospects, Mr. Phillippi said.

For 1987, GM reported net profit of \$3.55 billion, or \$10.06 a share, up 21 percent from \$2.94 billion, or \$8.21 a share in 1986.

Revenue slipped 1 percent last year to \$101.78 billion, from \$102.81 billion.

Many analysts had been forecasting a significant decline in profit this year.

Ford also said recently it was increasing North American production by about 75,000 cars and trucks for the first half of this year.

Ford reported in February that net profit rose 41 percent in 1987 to a record \$4.6 billion, or \$6.16 a share, in 1986.

It said that sales climbed 14 percent, to \$71.6 billion, from \$62.7 billion.

Mr. Phillippi said he expected the U.S. auto industry's total sales to be in the range of \$10.1 billion this year, compared with a previous estimate of \$9.8 billion.

The cheaper dollar has made imports more expensive and has been favorable for Detroit automakers.

However, Mr. Phillippi said the industry remains "very fragile."

"If the industry did not have incentive programs," he said, "the market would sag noticeably."

U.S. Less Gloomy on Japan Car Plant Impact

The Associated Press
WASHINGTON — The seven Japanese automakers' plants in the United States "may" cause 45,000 jobs to be lost in the U.S. industry, far fewer than the number estimated by the United Auto Workers, a government study says.

The General Accounting Office study said that its estimate for job losses from 1985 through 1990 was based on worst-case assumptions, and that the number of jobs actually lost could be less.

The GAO study estimated job losses at slightly less than one-fourth of the 200,000 expected by the autoworkers union.

Imports, increased productivity and use of foreign parts will shrink the number of auto industry jobs by 1990, according to the study, released Monday.

"The operations of Japanese-affiliated automakers in the United States could result in even more losses because they use fewer workers and more foreign content than U.S. automakers," the study said.

Japanese automakers — Toyota, Nissan, Honda and Mazda — have invested more than \$5 billion in U.S. assembly plants since 1980. In addition to the seven Japanese auto plants in the United States, more than 100 Japanese parts suppliers operate in the country.

The GAO estimate was based on what the study called unprovable assumptions about the extent to which U.S.-made Japanese autos cut into domestic manufacturing rather than displace imports.

The worst-case estimate assumed that 85 percent of Japan's auto production displaced production by the domestic automakers.

The GAO study also assumed half the Japanese makers' parts would be bought in the United States and that U.S. production by Japanese makers would total 1.8 million vehicles in 1990.

The UAW study produced a higher job loss estimate because it assumed the Japanese manufacturers would build 2.2 million vehicles in the United States and would buy only 30 percent of their parts there.

Trading in FECSA Resumes

Reuters
MADRID — Fuerzas Electricas de Cataluña SA, the Barcelona electrical utility, was allowed to resume trading on Spain's four stock exchanges Tuesday, 14 months after action in its shares was suspended amid debt problems.

FECSA's stock closed 20 percent higher on the Madrid exchange, the maximum movement permitted, at 73.50 percent of par value of 1,000 pesetas. The price stood at 61.25 percent on Feb. 6, 1987, the day the stock was suspended.

FECSA's stock was suspended to enable the utility to renegotiate more than \$2 billion of foreign currency debt.

Last month, FECSA's completed a capital increase of 67.61 billion pesetas (\$611 million) through a one-for-two rights issue at par.

After completion of the rights issue and of a debt-to-equity conversion worth around 7 billion pesetas, FECSA's capital was raised to 207,523 billion pesetas.

The capital increase followed approval in November by a steering committee of FECSA's creditors of a plan to reschedule the utility's foreign and domestic debt.

In addition to the main stock exchange at Madrid, Spain has small exchanges in Barcelona, Bilbao and Valencia.

FECSA, like most of Spain's power companies, is privately owned.

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Indigo Take-off
 In 30 years the U.S. has initiated two great periods of expansion with the public rising corresponding stock-market lows because of misguided crash and panic for complimentary Indigo reports on why the new take-off time (affecting stocks from Atari to Zenith) is now.
INDIGO INVESTMENT, S.A.
 Avenida Palma de Mallorca 220822 Torremadreja, Madrid, Spain. Phone 34-92-3897000 Fax 34-92-3897574 Telex 794223.
 * Indigo is not a licensed broker.

This announcement appears as a matter of record only.

New Issue

Italian Lire 100,000,000 European Economic Community 11 1/8% Notes Due March 31, 1995

Bear, Stearns & Co. Inc.
 The First Boston Corporation
Morgan Stanley & Co. Incorporated
Banca Commerciale Italiana
 Prudential-Bache Capital Funding
Goldman, Sachs & Co.
Salomon Brothers Inc.
 March 1988

Istituto Bancario San Paolo di Torino

FAR EAST GROWTH FUND
 Société d'Investissement à Capital Variable
 R.C. Luxembourg B 24.659
NOTICE OF MEETING

Notice is hereby given that an Extraordinary Annual General Meeting of FAR EAST GROWTH FUND will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on Tuesday 26th April, 1988 at 15 hours.

for the purpose of considering the following Agenda:
 "Amendment of Article 9 alinea a) of the Articles of Incorporation to read as follows:
 Article 9 - Meetings

a) The annual general meeting of shareholders shall be held in Luxembourg at the registered office of the Fund, or at such other place in Luxembourg as may be specified in the notice of meeting on the first Tuesday in March each year at 11 o'clock. If such day is a legal holiday in Luxembourg, the annual general meeting shall be held on the next following business day. The annual general meeting may be held outside of Luxembourg, if, in the absolute and final judgement of the Board of Directors, exceptional circumstances so require.

The General Meeting shall be regularly constituted and shall validly deliberate on the resolutions if a quorum of shareholders representing one half of the share capital is present or represented. Resolutions will be carried by at least two thirds of votes of those present or represented.

The shareholders on record on the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the meeting.

The present notice and a form of proxy have been sent to all shareholders, on record at 11th April, 1988.

Forms of proxy are available on request at the Registered Office of the Company.

By order of the Board of Directors,
 J. Pierson
 Secretary

The Carlyle Hotel
 Madison Avenue at 76th Street New York 10021
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CURRENCY MARKETS

Pound and Dollar Rise in New York

NEW YORK — The British pound climbed Tuesday in New York and Europe, as the Bank of England refrained from significant intervention, but weakened against the dollar.

London Dollar Rates

Table with columns: Currency, Rate, Change. Includes Deutsche mark, Swiss franc, Japanese yen, French franc, and Spanish peseta.

Governor Says Fed Checked Inflation in '87

NEW YORK — Wayne D. Angell, a governor on the Federal Reserve Board, said Tuesday that the central bank had succeeded in checking inflation through slow money growth last year.

LAND: Japanese Spent a Record \$12.7 Billion in '87

(Continued from first finance page) percent to 9 percent for prime U.S. commercial properties. Further, the report said the Japanese are turning in the United States because they are being priced out of real estate in their own country.

Japan Reports Rise in Imports of Asia Produce

Agency France-Press TOKYO — Japanese imports of agricultural products from China, Taiwan and Thailand rose sharply last year as purchases from the United States stagnated, the government reported Tuesday.

A Half-Turn of the Screw Detected in Fed's Funds Inaction

NEW YORK — The Federal Reserve appears to be signaling its preference for slightly higher interest rates following the publication of data showing the U.S. economy to be stronger than expected.

money loaned overnight among banks; the rate is a key gauge of trends in short-term interest rates. For the statement week that began Thursday, economists had estimated the Fed would need to inject a sizable amount of liquidity into the banking system to offset seasonal and technical factors that would drain out reserves.

Japan Reports Rise in Imports of Asia Produce

The Agriculture Ministry said in its annual report that the overall volume of imports of agricultural products rose 12 percent last year, partly reflecting lower prices resulting from the yen's rise.

Japan Reports Rise in Imports of Asia Produce

The report noted that competition between domestic and foreign agricultural products intensified in Japan last year.

Tuesday's OTC Prices. NASDAQ prices as of 4 P.M. New York time. Includes columns for stock symbols, prices, and changes.

Table A: Stock market data including symbols like ABC, DEF, GHI, etc., with columns for price, volume, and change.

Table B: Stock market data including symbols like JKL, MNO, PQR, etc., with columns for price, volume, and change.

Table C: Stock market data including symbols like STU, VWX, YZA, etc., with columns for price, volume, and change.

Table D: Stock market data including symbols like BCD, EFG, HIJ, etc., with columns for price, volume, and change.

Table E: Stock market data including symbols like KLM, NOP, QRS, etc., with columns for price, volume, and change.

Table F: Stock market data including symbols like TUV, WXY, ZAB, etc., with columns for price, volume, and change.

Table G: Stock market data including symbols like CDE, FGH, IJK, etc., with columns for price, volume, and change.

Table H: Stock market data including symbols like LMN, OPQ, RST, etc., with columns for price, volume, and change.

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